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Seoul, Reluctantly, Asks IMF for Financial Aid



Finance Minister Lim Chang Yuel announcing Friday that the government had turned to the IMF.

Crisis Shakes Faith In the 'Asian Miracle'

By Nicholas D. Kristof
New York Times Service

SEOUL — South Korea's announcement Friday that it would seek a bailout from the International Monetary Fund was a remarkable turnaround for a nation that had been one of the most glittering economic success stories of the late 20th century.

While South Korean officials said they would seek emergency IMF aid of \$20 billion, many economists say the total package of assistance will have to be much larger, perhaps

NEWS ANALYSIS

\$60 billion or more. That would surpass the \$50 billion bailout of Mexico in 1995 and would amount to the biggest such rescue package ever negotiated.

With the bleak announcement by Finance Minister Lim Chang Yuel, South Korea became the latest of a string of Asian nations to redefine the term "Asian miracle." Once it referred to the stunning march of East Asia from mud huts to skyscrapers in a single generation, but now it seems more a reminder of how far and how quickly these countries' economies, currencies and stock markets have tumbled.

In particular, the transformation of South Korea from industrial giant to international pauper raises the question of whether the Asian financial flu that began in Thailand in the summer and spread throughout Southeast Asia has now begun to spread in Northeast Asia.

South Korea's plummeting currency and mounting bad debts could reverberate through Japan, Hong Kong and China and eventually on to the United States and the West.

Mr. Lim described South Korea's problems as a "temporary funding shortage" but said that international help was the best solution.

Many economists say South Korea has strong fundamentals, and its economy is still growing at an annual rate of more than 6 percent — considerably faster than virtually all Western economies. South Korea also has strengths such as a high savings rate, a passion for education and a reputation for a diligent labor force.

But it has a liquidity crisis, particularly for U.S. dollars, and

\$20 Billion Is Sought; Markets Rally on News

By Don Kirk
Special to the Herald Tribune

SEOUL — The South Korean government, dropping its insistence on fighting a deepening financial crisis on its own, announced Friday night that it had requested an emergency credit of \$20 billion from the International Monetary Fund.

"We have decided to seek an IMF bailout," said the nation's new finance minister, Lim Chang Yuel. The announcement put an end to weeks of denials that a plunging currency and deepening debt would force Seoul to seek international help.

Mr. Lim said at a news conference that "we accepted the advice from the IMF and our friendly nations and we decided to ask for the IMF loans."

"The size of the loans will be discussed," he added. "But the IMF and ourselves think that \$20 billion would be enough to solve the difficulties."

Mr. Lim took over Wednesday as finance minister after the abrupt resignation of his predecessor.

Earlier in the day, the South Korean stock and bond markets rallied and the currency, the won, staged its biggest one-day rally ever against the dollar after officials said that President Kim Young Sam said he would address the nation Saturday about the country's financial crisis. This was taken as a sign the government had decided to swallow its pride and seek IMF help.

The stock exchange composite index rose 3.62 percent, to 506.07 points, while the dollar eased 7.7 percent, to 1,050 won.

Mr. Lim said conditions of the assistance, including the size and terms of the lending, would be determined by the IMF and the participating countries. An IMF team will arrive next week to discuss the details.

In Washington, the IMF's managing director, Michel Camdessus, said he welcomed Seoul's request for financial assistance and was sure that a strong program of economic reform would be achieved.

The aid, if approved, would be provided under the IMF's emergency financing mechanism, he said.

Mr. Camdessus said financial stabilization measures announced this week by South Korea "provide a good basis to

Peers Criticize Doctor of Septuplets

By Rick Weiss
Washington Post Service



Katherine Hauser, the fertility doctor who worked with the McCaugheys, defended her care at a news conference Thursday.

WASHINGTON — The birth of septuplets in Iowa has sparked intense criticism from ethicists and doctors, with several warning that fertility treatments are being used indiscriminately and irresponsibly at great medical risk to women and their offspring and at growing expense to the public.

Preliminary tests suggest that all seven children born to Bobbi and Kenny McCaughey are doing well. But multiple births beyond triplets usually are characterized by some degree of physical or cognitive disability, critics said, and in most cases they can and ought to be avoided.

Katherine Hauser, the fertility doctor who worked with the McCaugheys, defended her care at a news conference Thursday, saying she used the same dose of a fertility drug that she had used with the Iowa couple two years earlier. In that instance, the drug led to the birth of a single daughter. But for reasons that remain unclear, she said, "in this cycle we achieved more success than we could ever hope for."

Critics, however, said they were unsatisfied with that explanation. When the McCaugheys' doctors saw that their fertility treatment had led to the maturation of about three times the expected number of eggs, they said, the prudent move would have been to withhold the addition of the husband's sperm and try in another month or two when a more modest number of eggs were produced.

"Here we had a nice ending," said Mark Sauer, chief of reproductive endocrinology at Columbia-Presbyterian Med-

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Asian Storm Soaks Ratings Firms

By Erik Ipsen
International Herald Tribune

NEW YORK — One of the most basic and trusted instincts of investors — checking the credit ratings of companies and countries before investing in them — has fallen under suspicion.

Stung in recent weeks by a string of highly rated Asian banks and businesses buckling under the weight of the region's deepening financial crisis, many investors have dismissed the once-crucial advice of rating concerns such as Standard & Poor's Corp. and Moody's Investors Service Inc. as at best tardy and at worst worthless.

"To put it as diplomatically as I can," said Desmond Lachman, head of emerging-markets research at Salomon Brothers, "the rating agencies have really lagged the whole crisis."

The decision by Moody's Friday to

Credibility Takes a Hit Over Slow Reporting

downgrade to junk-bond status the 3 trillion yen (\$23.7 billion) debt of Japan's fourth-largest brokerage, Yamaiichi Securities, was a case in point. Critics said the move came only after the market had abandoned all hope for Yamaiichi's survival, which sent the company's shares crashing down by 75 percent in the last month alone, and only hours before reports that the company planned to file with the Ministry of Finance to cease operations.

Yamaiichi's "reduced funding avail-

ability — in combination with an already reduced capital base — raises questions about the firm's ability to achieve its strategic repositioning, regain lost market share and to return to profitability," Moody's said.

Even more striking was the agencies' handling of South Korea, once among the most highly rated of emerging Asian economies and still clinging to the lower reaches of an A rating in a system that reaches all the way to D and defines risky as beginning at BB — several notches below Seoul's standing.

Amid reports this week that Seoul was so strapped for hard currency that it had

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New Guidelines but Little Solace for Europe's Jobless

By Barry James
International Herald Tribune

LUXEMBOURG — European heads of state and government adopted guidelines Friday that for the first time would commit the European Union to a coordinated approach in dealing with unemployment but offered little in cash or concrete proposals to help the jobless.

The European Union's first special summit meeting on unemployment approved a document to require member countries to convert the guidelines — dealing with subjects as diverse as taxation and equal rights for women — into national targets, to be reviewed regularly at future meetings.

But countries were allowed five years to meet one important aspect of the guidelines — job creation or training opportunities for long-term unemployed and for young people — and apparently will face no sanctions other than disapproval by their peers if they

fail to live up to the targets they set themselves.

Chancellor Helmut Kohl of Germany set the tone for the conference when he announced: "One thing is clear. Concerning public budgets, we will make no decisions which require additional funding."

The conference therefore came up with little in the way of cash to deal with a crisis that President Jacques Chirac of France said was "at the heart of all our preoccupations."

The document noted plans of the European Investment Bank to set aside as much as 1 billion European currency units (\$1.14 billion) over three years to provide venture capital for small and medium-sized companies. It also approved a plan by the European Parliament to divert 450 million Euros to small businesses over a three-year period.

But in direct cash terms, the EU will spend little more over the next three years in combating unemployment than it spent last year in subsidizing the production of tobacco of such poor quality that it

cannot be sold within the Union.

However, officials for the European Investment Bank said the 1 billion Euros in guaranteed funds would serve as leverage for as much as 10 billion Euros in new loans from the bank and 130 partner commercial banks, and that this in turn could underpin investments of 30 billion Euros to support the small and medium-sized business that account for two-thirds of all new jobs in the Union.

The more than 18 million officially listed as unemployed in the EU represent only part of the problem. Millions more unemployed are not even counted, either because they have dropped off the public assistance rolls or because they have never looked for work, and the figure takes no account of the impoverishing effect that unemployment has on the dependents of the unemployed.

Despite all its limitations, the final document was

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AGENDA

4-Nation Korean Talks to Open Dec. 9

NEW YORK (Reuters) — Diplomats from four countries agreed Friday that formal negotiations on a permanent peace on the Korean Peninsula will open in Geneva on Dec. 9. A joint statement by the delegations from the United States, China, North Korea and South Korea said the negotiations

would set out to establish a "peace regime for the Korean Peninsula and issues concerning tension reduction there." The announcement followed more than a year of efforts to arrange talks to replace the armistice that has been in place since the final hostilities of the 1950-53 Korean War.

The Dollar			
	Friday @ 4 P.M.	previous close	
DM	1.7385	1.741	
Pound	1.6933	1.6882	
Yen	126.525	126.03	
FF	5.82	5.7885	

The Dow			
	Friday close	previous close	
+54.46	7881.07	7826.61	
S&P 500			
	Friday @ 4 P.M.	previous close	
+4.12	963.10	958.88	

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'Black Book' Stirs Up the French		
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Strains Showing in Iran

Small Steps to Liberalization Set Off Clashes

By Stephen Kinzer
New York Times Service

ISTANBUL — A series of increasingly violent confrontations that have shaken Iran in recent weeks reflect growing tension between forces that want to liberalize Iranian society and those that want to keep it conservative,

diplomats and other analysts say. The tension was evident Wednesday, when policemen used tear gas to disperse a crowd of militants who attacked and ransacked a religious school in the holy city of Qom, 120 kilometers (75 miles) south of Tehran.

They were angry that the school's director had called for curbs on the power of the country's supreme religious leader, Ayatollah Sayed Ali Khamenei.

The director of the school, Ayatollah Hossein Ali Montazeri, who was a powerful figure during the first years of Islamic rule in Iran, had urged that religious figures not chosen by popular vote should "supervise, not rule" the country.

After the attack, one conservative press commentator asserted that critics of Ayatollah Khamenei, who is said to represent the will of God and who has power over elected officials, had been misled and were acting as "agents of a



UN inspectors, with Americans, arriving at an airport in Iraq on Friday.

U.S.-Iraq Fight Averted, Arab Leaders Rest Easier

By Douglas Jehl
New York Times Service

CAIRO — Arab leaders and diplomats have expressed satisfaction and relief over the agreement that appears to avert the threat of a military confrontation between the United States and Iraq.

There remains little affection for President Saddam Hussein of Iraq among fellow Arab leaders. But with sentiment on the street running sharply against the United States, even Arab governments that sided against Iraq in the Gulf War had made it plain that military action would have only complicated matters in an already troubled region.

For that reason, reactions to the resolution of the standoff were akin to sighs of deep relief. The United Nations' arms inspectors, including Americans, arrived back in Iraq on Friday. President Hosni Mubarak of Egypt said he believed that the U.S. decision was motivated in large part by a re-

cognition that "the Arab people were not ready" for American use of force. "I saw the situation as very sensitive," he said in a television interview. "We were afraid that the United States and other forces were going to launch attacks on Iraq and people were going to lose lives."

Russian role a balancing act in foreign policy. • Playing hide-and-seek with 25 warheads. Page 7.

The reason for that concern — and the relief — is the view that U.S. military strikes against Iraq would have presented Arab governments with a nightmarish choice.

By standing once again with us, they would have risked a confrontation among their citizens who the United States favors Israel in

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French Readers Snap Up Book on Marxist Murder

Communism's 'Black Book' Stirs Debate

By Alan Riding
New York Times Service

PARIS — In a good many countries, an 846-page history of the crimes of communism would head straight for university libraries.

In France, "The Black Book of Communism," as it is called, has gone to the top of the nonfiction best-seller list, with sales fueled by heated debate in Parliament and the news media and by squabbling among its authors over how its material should be interpreted.

French interest in such a topic may at first seem puzzling. The book, written by six historians and three years in preparation, details how from 85 million to 100 million people came to die at the hands of Communist regimes in the Soviet Union, China, Cambodia and elsewhere. But France was not a victim of Communist crimes, and the French Communist Party merits only passing mention.

Yet the book's success — the \$35 soft-cover edition has sold 50,000 copies since its publication on Nov. 8, the 80th anniversary of the start of the Russian Revolution — says much about how the past continues to haunt French society, how much Marxist discourse infiltrated intellectual life here, how old ideological battles are still being re-fought on today's stage.

The first shot was fired last week when the center-right opposition Union of French Democrats tried to use the book to embarrass Prime Minister Lionel Jospin, whose Socialist-led coalition government has the French Communist Party as its junior partner and includes three Communist ministers in the cabinet.

What was he going to do, Mr. Jospin was asked in Parliament, about a political ally associated with murderous regimes?

The prime minister was visibly irritated.

"Even though it did not distance itself soon enough from Stalinism," he responded sharply, "the Communist Party has learned the lessons of history; it is represented in my government, and I am proud of this. The French Communist Party formed part of the cartel of the left in the Popular Front, in the Resistance, in the tripartite government formed in 1945, and it has never tried to restrict freedom."

With the assembly chamber in an uproar, the leader of the Union of French Democrats, Francois Bayron, led a walkout of his fellow deputies, saying he was "stunned" that the prime minister had expressed "not a word of consideration or pity" for the victims of communism.

Members of the Gaullist Rally for the Republic did not follow: General de Gaulle had included Communists in his first post-Liberation government.

The French Communist Party, though, was not off the hook. After the death on Sunday of Georges Marchais, party leader from 1972 to 1994, its own dark past of subservience to Moscow was extensively revisited in the press this week. Eager to present today's Communists as somehow different, the new party leader, Robert Hue, conceded that the party was "20 years too late" in acknowledging, in 1976, the excesses of Stalinism.

Yet while most of the book is a result of lengthy research, some of it in newly opened Soviet archives, about torture, imprisonment, murders, massacres and famines associated with Communist regimes, much of the controversy here has focused on the book's introduction and conclusion, both written by Stephane Courtois, who also coordinated the project.

Mr. Courtois, who was briefly a Maoist in his youth, argued that terror was intrinsic to — and not just an instrument of — communism, a point challenged by non-Communists and other leftists. Two of Mr. Courtois's fellow authors even threatened to withdraw from the project if the book's original title, "The Book of Communist Crimes," were maintained.

Mr. Courtois also came close to equating communism and Nazism, an interpretation that even Mr. Jospin questioned. "Nazism is an intrinsically perverse doctrine that assumed its anti-Semitism and proclaimed the inequality of races," Mr. Jospin said in his remarks in Parliament.

Responding to his critics, Mr. Courtois said that, even before Stalin's reign of terror, Lenin instituted "permanent civil war" as his mode of government.

On the similarities between Nazism and communism, Mr. Courtois said there were differences, yet they had much in common: a single party, a single ideology, total domination of the government by the party, a cult of the leader and mass terror. Where they were different, the historian said, was that Nazism was based on a racist ideology that became "exterminationist," while communism was based on class warfare.

Mr. Courtois said the book was important because, while extensive research had been done on the crimes of Nazi Germany, on comprehensive academic study had until now been devoted to the crimes of communism. He said this was because of the Soviet Union's role as an ally in World War II, the fact that many Communist crimes were long hidden and, not least in France, because of "a fondness for the idea of revolution" in many intellectual circles.

Party Backs Jospin

The French Socialist Party opened its first congress Friday since winning last June's snap election voicing full support for Prime Minister Lionel Jospin ahead of ballot battles to come. Reuters reported from Brest. The congress vowed to look ahead to regional elections in March 1998.



The Bosnian Serb president, Biljana Plavsic, reviewing police Friday in Banja Luka on the eve of elections.

Weapons Destruction Completed in Bosnia

VIENNA — Rival forces in Bosnia-Herzegovina have completed arms reductions agreed to last year by destroying close to 6,600 pieces of weaponry, a senior Western arms negotiator said Friday.

"This should be considered a milestone in the peace process, and all parties should be recognized for coming this far," said General Vigleik Eide of the Organization for Security and Cooperation in Europe. General Eide, a Norwegian, was at the organization's headquarters in Vienna to report on the implementation of the arms control deal. It was signed in Florence in June 1996 by the Bosnian Serbs, the Muslim-Croat Federation, Croatia and Yugoslavia.

The reductions include more than 700 battle tanks and 80 armored combat vehicles, close to 60 combat aircraft, and more than 5,700 pieces of artillery.

Bosnian Serbs Vote

SARAJEVO, Bosnia-Herzegovina — A peace agreement signed two years ago seeks to create a single country out of Bosnia's two warring foes. But an election this weekend may, in effect, divide Bosnia even further, into

three parts. Serbs, who control 49 percent of the country, vote in internationally monitored elections Saturday and Sunday for their 83-seat Parliament.

The contest is between a faction loyal to the war crimes suspect Radovan Karadzic and one led by President Biljana Plavsic. The two halves of the Serb-held territory are connected only by a small corridor, and neither side is able to impose its will on the other. In the end, the election is likely to drive them farther apart. (AP)

Tory Dissident Quits

LONDON — Britain's opposition Conservatives, reeling from two disastrous by-election results, plunged into a new quarrel over Europe on Friday as a top pro-British lawmaker resigned from the party.

Peter Temple-Morris quit after the party leader, William Hague, expelled him from the parliamentary party for disloyalty.

Mr. Hague's move was swiftly condemned by former Deputy Prime Minister Michael Heseltine, who opened old sores by going on television to denounce it as "unwise and unnecessary." Mr. Heseltine has been a bitter critic of Mr. Hague's strong opposition to early British membership of the single European currency. It was this same issue that prompted Mr. Temple-Morris last month to have

talks with Prime Minister Tony Blair about the possibility of defecting to the Labour Party. (Reuters)

Polish Police Freed

WARSAW — A provincial court acquitted 22 former riot policemen Friday of charges of killing nine miners, the first fatalities of the 1981 Communist martial-law crackdown against Solidarity.

About 100 people packing the courtroom in the southern industrial city of Katowice let out shouts of "Shame! Shame!" when Chief Justice Ewa Krukowska read the verdict in the largest prosecution related to deaths under martial law.

Judge Krukowska said the evidence was inadequate to prove the defendants' guilt. Lech Walesa, the Solidarity founder, called the verdict "scandalous." (AP)

For the Record

A Genoa court on Friday acquitted a Greek Cypriot shipowner, Loucas Haji-Ioannou, and his son Stelios of all charges over the 1991 supertanker explosion that killed six crewmen and caused one of the Mediterranean's worst ecological disasters. The ship spilled 14,000 tons of oil into the sea, fouling beaches along the French and Italian Riviera. (Reuters)

Nations Pledge \$37 Million To Seal Tomb At Chernobyl

NEW YORK — Dozens of countries have pledged an additional \$37 million toward rebuilding the rapidly deteriorating concrete tomb of a Chernobyl nuclear reactor, scene of the world's worst nuclear accident in 1986.

The explosion and fire spread radioactive fallout across the Northern Hemisphere with consequences still being felt more than 11 years later.

Officials said the money raised at a conference in New York on Thursday would enable work to begin immediately on the sarcophagus built in haste after the accident on April 26, 1986.

"Let us, the community of nations, begin a new journey, a historic journey, for a more secure and safe future for Chernobyl," Vice President Al Gore said in a speech to delegates from more than 40 countries.

Twelve countries, the Group of Seven industrialized nations and the European Community have pledged close to half of the estimated \$760 million cost of the reconstruction plan, which consists of 22 technically complex and potentially hazardous projects.

A videotape presentation reminded delegates of the horrors of the explosion at Chernobyl's No. 4 reactor that killed 31 people, injured hundreds and forced the evacuation of thousands who live near the nuclear plant in Ukraine, which was then part of the Soviet Union.

President Leonid Kuchma of Ukraine said the disaster remained "a particularly poignant and painful issue" to his country.

The people of Ukraine paid a heavy price for the actions of Soviet authorities, taken without accounting for the opinions or concerns of Ukrainians," he said.

Russia was absent from the list of donors. Ukraine, which intends to permanently close the remaining operational units of the Chernobyl plant by 2000, is contributing \$150 million.

TRAVEL UPDATE

British Library to Open

LONDON (AFP) — The New British Library, dubbed "The Great British Disaster" by its many detractors, opened Monday, 30 years after the project began and at a cost of \$511 million.

The massive red brick building, next to St. Pancras station in north London, was designed by a Cambridge architecture professor, Colin Saint John Wilson. The government requested the design in 1962, but construction did not begin until 20 years later and then was interrupted several times because of a lack of

Only one of 11 reading rooms open Monday. The library, which held about 10 million books, will be fully functional until 1999. It is much of the collection of the old library housed within the British Museum since 1857.

At one point, a national audit inspection found 230,000 cost faults. A National Heritage Commission of Parliament described the new as "the ugliest building in the world."

The Federal Aviation Administration said it had awarded Lockheed Martin Corp. a four-year, \$350 million contract to assist in modernization of U.S. air traffic control system.

Corrections

Some editions Friday carried incorrect exchange rate for the franc on Page 1. The correct 5.8285 francs to the dollar.

The market index chart on some editions Thursday carried a typo from Tuesday, not W.

Drug to Prevent Bone Thinning Gets Boost in U.S.

The Associated Press

BETHESDA, Maryland — Women with thinning bones who do not want to try estrogen may soon get a new option: a drug that promises to mimic estrogen's bone-saving effects without increasing the risk of breast cancer.

Advisers to the U.S. Food and Drug Administration recommended approval of Eli Lilly's raloxifene as a way to prevent osteoporosis in postmenopausal women. But the long-awaited drug does not protect bones as well as estrogen does, the advisers cautioned before the 8-to-4 vote Thursday.

"I'd like to refer to it as 'estrogen light,'" said Glenn Braunstein of Cedars-Sinai Medical Center in Los Angeles.

Still, doctors said that women afraid of estrogen — because long-term use can increase the risk of breast cancer or because they do not like that it brings back their menstrual period — needed another option.

"I don't think anybody thinks raloxifene is going to replace estrogen," said Ethel Siris of Columbia University, adding, "But it's a lovely option."

The Food and Drug Administration is not bound by the panel's advice but usually follows it. Ten million women in the United States have osteoporosis, and millions more over age 50 have thinning bones that put them at risk of the disease. Every year, 300,000 of them break hips, and 700,000 fracture vertebrae.

ANC Calls Winnie Mandela a 'Charlatan'

By Lynne Duke
Washington Post Service

JOHANNESBURG — An extraordinarily bitter and unusually public war of words has broken out within South Africa's governing African National Congress, with the party issuing a broadside against Winnie Madikizela-Mandela, calling the former wife of President Nelson Mandela a politically wayward "charlatan."

The fracas, which started this week when Mrs. Madikizela-Mandela accused the party of "Winniephobia," comes as her status in the ANC and in a society that once called her "mother of the nation" is being assailed on two fronts.

Party leaders are trying to thwart Mrs. Madikizela-Mandela's run for the ANC deputy presidency, a race that will be decided in a party vote next month.

At the same time, she is under the spotlight of the nation's Truth and Reconciliation Commission. She is in to appear before the commission next week to answer questions about a series of

murders committed by her bodyguard entourage, euphemistically known as a "football club" — during the latter years of the fight against white-minority rule, which ended in 1994 with the nation's first all-races election.

In a full-page interview published Monday in the Star newspaper, Mrs. Madikizela-Mandela took the party to task for the high level of crime, saying: "The ANC is seemingly not in control. The criminals are in control."

She assailed the party for its slow delivery of housing for the poor and for straying from its mandate as the leader of the fight against the apartheid system.

On Thursday, Sport Minister Steve Tshwete, a member of the ANC's executive body, shot back in his own full-page critique, saying Mrs. Madikizela-Mandela was behaving like someone on her way out of the party.

He characterized her contribution to ANC policy development as "silence, silence and more silence" and said her dismissal from her post as a deputy minister in her former husband's government in 1995 showed she "does not respect rules and regulations."

She "tends to believe that everyone is against her and therefore resorts to strange behavior to attract attention. Indeed, it is the political waywardness of a charlatan."

Mr. Mandela Is Skeptical

Mr. Mandela said Friday that he doubted that a man who has accused his former wife of murder would dare return to South Africa for a major public hearing into the case next week, Reuters reported from Johannesburg.

Katiza Cebekhulu is a key witness at the Truth and Reconciliation Commission's hearings into the activities of Mrs. Mandela's entourage in the 1980s.

In a new book, the former member of the feared club who has been living in hiding abroad says he saw Mrs. Mandela stabbing a teenage activist, Stompie Moeketsi Seipei, who was later found dead.

"I do not think the so-called main witness will have the courage to come down here, because he is the most vulnerable witness that you can find anywhere in the world," Mr. Mandela said after a question. He did not elaborate.

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.



North America Cold and cold in the North. Sunday and Monday, cold fronts will move across the region. Sunday, cold fronts will move across the region. Sunday, cold fronts will move across the region. Sunday, cold fronts will move across the region.

Europe Cold from southern Scandinavia and Poland into western Russia Sunday. The rest of the region will be dry and cool Sunday and Monday, then dry and quite cool in the South, but a Mediterranean storm will bring soaking rain from southern Italy to Greece and western Turkey.

Asia Windy and cold with snow across northern Japan Sunday. The rest of the region will be dry and cool Sunday and Monday, then dry and quite cool in the South, but a Mediterranean storm will bring soaking rain from southern Italy to Greece and western Turkey.

Middle East Dry and cold in the North. Sunday and Monday, cold fronts will move across the region. Sunday, cold fronts will move across the region. Sunday, cold fronts will move across the region.

Africa Dry and cold in the North. Sunday and Monday, cold fronts will move across the region. Sunday, cold fronts will move across the region. Sunday, cold fronts will move across the region.

South America Dry and cold in the North. Sunday and Monday, cold fronts will move across the region. Sunday, cold fronts will move across the region. Sunday, cold fronts will move across the region.

Oceania Dry and cold in the North. Sunday and Monday, cold fronts will move across the region. Sunday, cold fronts will move across the region. Sunday, cold fronts will move across the region.

Antarctica Dry and cold in the North. Sunday and Monday, cold fronts will move across the region. Sunday, cold fronts will move across the region. Sunday, cold fronts will move across the region.

Arctic Dry and cold in the North. Sunday and Monday, cold fronts will move across the region. Sunday, cold fronts will move across the region. Sunday, cold fronts will move across the region.

Pacific Dry and cold in the North. Sunday and Monday, cold fronts will move across the region. Sunday, cold fronts will move across the region. Sunday, cold fronts will move across the region.

Indian Ocean Dry and cold in the North. Sunday and Monday, cold fronts will move across the region. Sunday, cold fronts will move across the region. Sunday, cold fronts will move across the region.

Atlantic Dry and cold in the North. Sunday and Monday, cold fronts will move across the region. Sunday, cold fronts will move across the region. Sunday, cold fronts will move across the region.

Indian Ocean Dry and cold in the North. Sunday and Monday, cold fronts will move across the region. Sunday, cold fronts will move across the region. Sunday, cold fronts will move across the region.

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Atlantic Dry and cold in the North. Sunday and Monday, cold fronts will move across the region. Sunday, cold fronts will move across the region. Sunday, cold fronts will move across the region.

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Army Chief Defends Choices for Arlington Burial

By Don Van Natta Jr.
New York Times Service

WASHINGTON — The secretary of the army, Togo West Jr., has defended his decision to grant 38 American special permission to be buried at Arlington National Cemetery, saying that the high honor was not awarded to anyone in exchange for their past generosity to the Democratic Party.

In an appearance Thursday at a Pentagon press briefing, Mr. West insisted that he and his staff never tried to find out the past campaign contributions of the people who had sought permission to be buried at America's most hallowed national cemetery.

"We didn't know when we decided," he said, "and we don't know today."

But for the second straight day, Republicans on Capitol Hill called for explanations from President Bill Clinton and new inquiries to determine whether Arlington burial plots had been equated with Lincoln Bedroom overnights and coffees at the White House.

For example, Republicans on a House panel investigating the issue said they were concerned that Mr. West had granted the family permission to bury M. Larry Lawrence, who was the ambassador to Switzerland and a personal friend of Mr. Clinton's, at Arlington. Mr. Lawrence, a veteran of World War II in the U.S. Merchant Marine, died in 1996. He was 69.

A generous supporter of Mr. Clinton who contributed nearly \$200,000 to the Democrats in 1992, Mr. Lawrence owned the landmark Hotel Del Coronado in San Diego. In his own words, he raised "millions and millions" for Mr. Clinton and the Democratic Party over the years. His widow, Sheila, donated \$50,000 to the Democratic National Committee in October 1996, federal records indicate.

"I am deeply disheartened and appalled at such an unfair, politically motivated accusation against my husband," Mrs. Lawrence said through a family spokesman. "He was a World War II veteran in addition to being an ambassador."

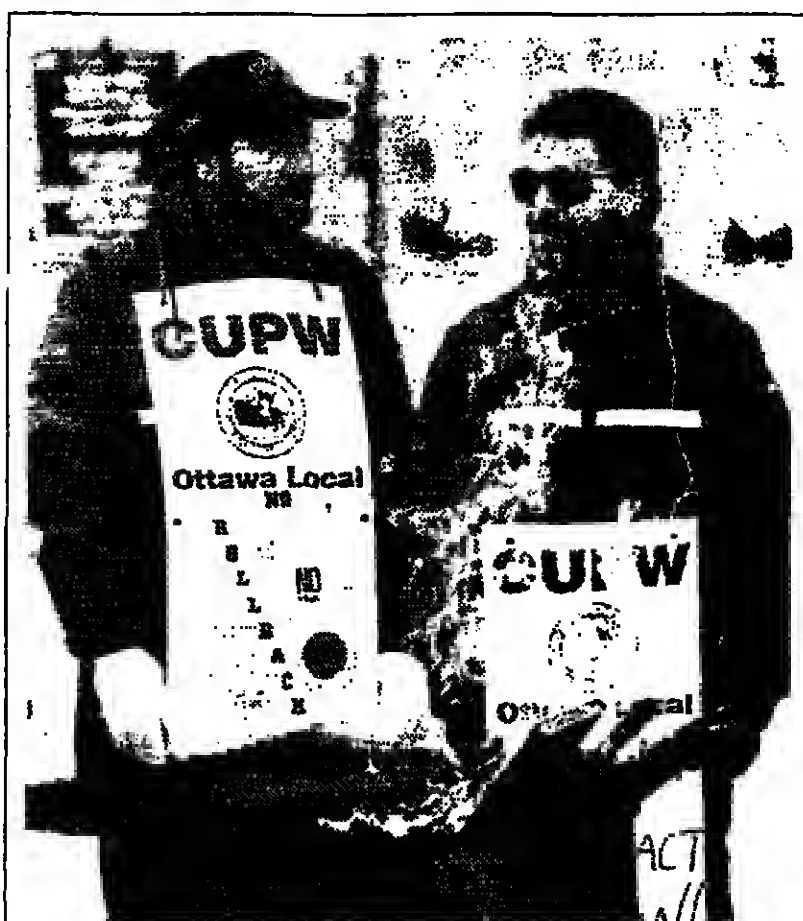
Republican investigators said they were trying to

determine whether Mr. Clinton or Democratic Party officials had pressed the army to grant a waiver to the strict eligibility rules in Mr. Lawrence's case.

White House officials denied that assertion, saying a State Department official had requested the honor for Mr. Lawrence and the request had not been opposed by the Arlington superintendent.

Mr. Lawrence was injured at sea on March 29, 1945, when the Liberty ship *Horseback Bushnell*, laden with war supplies, was torpedoed by a German submarine in the Arctic. "He was thrown overboard and suffered a serious head injury," said Lanny Davis, the White House special counsel. "Had he been in the navy and the same incident would have occurred, he would have received a Purple Heart."

The standards for Arlington are high because there is limited space. Only the president and secretary of army can grant exceptions to the eligibility rules. Burial at Arlington is restricted to men and women who have served in the armed forces and been decorated with a minimum of a Purple Heart or Silver Star.



POSTAL STRIKE — Workers picketing the main Canada Post office in Ottawa during a strike by 45,000 mail workers to protest cost-cutting measures. Their union said an agreement was within reach.

POLITICAL NOTES

New Law Speeds Up Approval of Drugs

WASHINGTON — President Bill Clinton signed legislation Friday giving the Food and Drug Administration important new authority to speed the approval of new drugs and medical devices in the battle against such diseases as cancer and AIDS.

"The FDA has always set the gold standard for protecting the public safety," Mr. Clinton said in a ceremony in the Old Executive Office Building. "Today, it wins the gold medal for leading the way into the future."

A hard-fought compromise, the FDA Modernization Act of 1997, was a major congressional accomplishment even though it took three years to work out its terms.

"This legislation, I think, is very important because we're maintaining and redefining the public interest at a time when there are new challenges in food safety and when we have new possibilities in medicine and medical devices," the president said.

Mr. Clinton said the new law lets the federal agency continue working with the medical and business communities to get new drugs and devices approved far earlier than before.

"And we will offer hope to critically ill Americans by extending access to drugs and devices whose approval is still pending," he said. "For many people, experimental treatment represents the best and perhaps the only chance of recovery." (AP)

No-Show Tapes

WASHINGTON — Asserting the authority of the executive branch of the government, the White House has withheld videotapes of 43 events attended by President Clinton that had been sought by congressional investigators, but turned over tapes of 24 other fund-raising and political affairs.

The White House special counsel, Lanny Davis, said Thursday that the administration was still cooperating with Senate and House panels investigating campaign finance abuses. But, he said, some of the tapes are not relevant to the investigations.

"As a matter of the constitutional notion of separation of powers, there has to be some reasonable limits on the process," Mr. Davis said.

Most of the 40 hours of tapes released Thursday showed the president at fund-raising receptions at hotels in Washington, giving variations of his standard stump speech. Republican investigators who spent most of the day scouring the tapes reported that they had found nothing significant. (NYT)

Quote/Unquote

The House speaker Newt Gingrich, Republican of Georgia, chastising Mr. Clinton for not including conservative voices in his attempt to start a national dialogue on race relations: "When did you call for a dialogue between a monologue? Is your panel interested in educating our citizens — or indoctrinating them?" (WP)

No Affirmative Action Test

Settlement Keeps N.J. Case Out of High Court

PISCATAWAY, New Jersey — Using money from civil rights groups, a New Jersey school board has agreed to a surprise out-of-court settlement of an affirmative action dispute that was expected to yield one of the most important Supreme Court rulings on the issue in years.

Civil rights advocates feared the ruling by the highest court could have meant a dramatic reduction in the widespread use of racial and sex-based preferences in the workplace. The court has grown increasingly hostile in recent years to race-based policies no matter how benign their intent.

The Piscataway school board agreed, 5 to 3, late Thursday to pay Sharon Taxman, a white business teacher, \$433,500 after the Black Leadership Forum said it would pay 70 percent of the settlement, Mrs. Taxman's attorney, Steven Klausner, said Friday.

Mr. Klausner said he and David Rubin, a school board lawyer, would submit a brief to the Supreme Court in a few days asking the court to drop its consideration of the case.

School board members said the money from the Black Leadership Forum, a confederation of civil rights organizations, persuaded them to drop their case. The Supreme Court was scheduled to hear arguments Jan. 14 and issue a ruling by July.

It is highly unusual for groups not party to the case being considered by the Supreme Court to help finance an out-of-court settlement. "It's obvious to me that they were afraid that affirmative

action might be very badly damaged if the Supreme Court had decided the case," Mr. Klausner said.

Mr. Rubin said civil rights groups feared "an adverse ruling in this case could gut the infrastructure of affirmative action across the country."

A Graphic Portrait of the Suspect

In 2d Oklahoma Bomb Trial, a Great-Grandmother Is a Key Witness

By Tom Kenworthy
Washington Post Service

DENVER — She is a 75-year-old great-grandmother, a farm wife for the past 57 years with a big burst of white hair, whose idea of excitement is to meet her cousin Geraldine on Fridays, get her hair done and "hoot and holler" at a small town coffee shop.

In a federal courthouse here, Gladys Wendt of White City, Kansas, may have dealt a damaging blow to the hopes of exoneration of Terry Nichols, a suspect in the Oklahoma City bombing on April 19, 1995, that killed 168 people.

She was on the stand Thursday for less than 15 minutes, but in that time Mrs. Wendt painted for the jury a graphic portrait of Mr. Nichols furiously scattering fertilizer on his lawn in Herington, Kansas, just 48 hours after the bombing.

Within a few hours, a squad of FBI agents flooded into town to corral a man known to be an associate of Timothy McVeigh's, Mr. McVeigh was then the prime suspect in the terrible explosion caused by a 4,000-pound (1,800-kilogram) fertilizer and fuel-oil bomb.

He was later convicted and sentenced to death.

"He had a half-gallon clear plastic container. He was holding it in his arm and reaching in and just sweet! all over like he was broadcasting grain," Mrs. Wendt said, describing her view of Mr. Nichols as he pulled up in her car in front of her cousin's house across the street from Mr. Nichols's home.

It will be weeks before anyone knows what the jury thought of her, but for government prosecutors, Mrs. Wendt was a dream come true: a Norman Rockwell country matron describing Mr. Nichols frantically getting rid of evidence in the bombing of the Alfred P. Murrah Federal Building.

Later that day, a team of FBI agents swooped into Herington and questioned Mr. Nichols for more than nine hours at the local police station.

An FBI agent, Steve Smith, described that interview for the jury on Thursday, characterizing Mr. Nichols as cooperative, but edgy about the government, questioning the agents on why his name was mentioned on radio and television.

Away From Politics

A federal judge has granted a 45-day suspension of the Teamsters election schedule to allow an investigation of charges of improper fundraising against James Hoffa, the challenger to Ron Carey, who has been banned from running again. Nominations were due Dec. 5. (AP)

Earlier testing and drug treatment helped reduce the number of American children contracting AIDS from their mothers at birth by 43 percent — from 905 to 516 — the government said. (AP)

More than a year after its first report cited the lack of qualified teachers, a commission reported that 14 states had enacted laws to improve the quality and training of instructors. (AP)

BOOKS

BOB THE GAMBLER

By Frederick Barthelme. 213 pages. \$23. Houghton Mifflin. \$23.

Reviewed by Richard Bernstein

LIKE other recent novels by Frederick Barthelme, "Bob the Gambler" is a kind of literary pop art. The characters are smart and verbally lively, but they are also bourgeois cynics occupying the lower rungs of professional life and deeply absorbed in lowbrow materialism, the campy culture of television and malls.

Boredom is a big problem for them, but it is not what the existentialists might have called authentic boredom, the despair at the universe's inherent lack of meaning. It is more the boredom of narrow horizons.

Barthelme has been much

praised for his evocation of characters of charming individualism living within this schlocky, tightly bordered landscape of the Gulf Coast, and there is no doubt that his ear for a kind of sleepy, laconic chatter is absolutely perfect. He is the master of a kind of useful, irony-laden dialogue that gives his woful characters the charm of their self-deprecation and the dignity of cool and good-humored resignation to their wofulness.

Reading "Bob the Gambler," in other words, has its rewards, but they are modest ones, as modest as the lives of the story's inhabitants. His new book seems not only a bit familiar by now, it bears the limitations of its not-very-mighty themes.

Barthelme gets off to a quick start as his narrator, an out-of-work architect named Ray Kaiser, declares his appreciation for the relaxed

seediness of his home in Biloxi, "the decay, the things falling apart," as well as "the skeletons of abandoned hotels, the trashy warehouses and the rundown piers jutting out into the dirty water." Ray, in other words, prefers an authentic state of deterioration to the gaudy renewal that came to Biloxi when "a dozen cartoon casinos," making Biloxi look like "an outlet mall version of Las Vegas," sprouted on the coast.

Quickly, within a page or two, Barthelme sets up the novel's small-bore aesthetic: He introduces Ray, his wife,

Jewel, her 14-year-old daughter, RV, and their dog, named Frank, soon to be followed by the last of the main figures in this story, Ray's lonely, sitcom-addicted mother.

In his lovingly detailed focus on American life in the fast-food lane, Barthelme achieves a kind of updated American Gothic: amusing, comforting as a warm bath, hot also leaving one wishing that just a bit more might happen.

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English Speaking International Catholic Parish, St Leonhard, Alte Mainzer Gasse 8, 60311 Frankfurt, Germany. Tel/Fax 069-283177. Mass schedule: Sundays 9 p.m., Sunday 10 a.m. Confessions: 1 hour before Mass.
- FRANCE/TOULOUSE**
HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de Pibrac, Colomier. Sunday service 6:30 p.m. Tel: 06 62 74 11 55.
- FRENCH RIVIERA/CÔTE D'AZUR**
NICE: Holy Trinity (Anglican), 11 rue Bule, Sun. 11:00 a.m. Tel: 04 93 87 19 83. Residence, 9 a.m. Tel: 04 93 87 19 83.
- PARIS AND SUBURBS**
EMMANUEL BAPTIST CHURCH - 56, rue des Bains, 92500 Neuilly-Malmaison. Worship: 9:45 - 11:00 a.m. Sunday School. For info Tel: 01 47 51 28 63/01 47 49 15 29 or <http://www.godless.com/French/10322>.
- HOPE INTERNATIONAL CHURCH**
Hope Otton at Place de Defense, 6 bd de Neuilly, Neuilly-Sur-Seine, 92600. Rev. Douglas Miller, Pastor. Tel: 01 43 23 04 06. Metro 1 to la Defense Esplanade.
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"We Gather Together" will be the topic of the 1997-98 Unitarian Universalist Fellowship of Paris. The following service on November 23, 12 noon, Pöyde de l'Unité, 7 rue du Pasteur Weyss, Paris 11^e, Metro Bastille. With Jennifer Gilbert, visiting violinist. All welcome. (Please bring non-perishable food.) Non-dominant religions welcome for children and teens. Child care, meditation and spiritual growth groups. Social activities. INFO: 01 32 62 75 33.
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Swiss Bank Apologizes for 'Mistakes' on Jewish Funds

Agence France-Presse

ZURICH — Union Bank of Switzerland, one of the country's three biggest banks, apologized Friday for "mistakes" in handling Nazi-era deposits.

It was the first such apology by the bank, which has been the target of boycotts in the United States over its actions.

"We apologize for the mistakes that were made," said Matthias Caballavetta, chairman of the bank. "If we have, in our sincere efforts to resolve the serious problems posed by the past, upset people, then we are very sorry."

Swiss banks have come under international pressure to return what were thought to be millions of dollars deposited by Jews who were later murdered by the Nazis during World War II.

The banks were also accused of delaying payments on funds deposited more than a half-century earlier by Jews who had fled Nazi persecution.

Lawsuits filed in New York seek \$20 billion from the Swiss banks, which are seeking out-of-court settlements.

Mr. Caballavetta acknowledged Friday that the bank had "faced some unusual challenges that have nothing to do with banking but which relate to trust and morals."

The bank "has not finished facing up to its past" or that of the nation, he said, adding a pledge to continue working with the various official commissions set up to look into the affair.

"We have nothing to hide," he said. Union Bank of Switzerland was one of three Swiss banks that established a humanitarian fund for Holocaust victims in February. The other founders were Credit Suisse and Swiss Bank Corp. The fund made its first payment in Holocaust survivors in Latvia.

The fund, which has received a total of 270 million Swiss francs (\$190 million), was established to aid about 40,000 needy Jews in Eastern Europe and the former Soviet Union.



President Chirac, left, talking with Chancellor Kohl at the conference on employment Friday in Luxembourg.

JOB: New Guidelines but Little Solace for EU's Unemployed

Continued from Page 1

described as "a new departure in thinking and action." It was designed to promote "convergence" in job-creating policies similar to the convergence in economic policies that is leading the EU toward a single currency little more than 13 months from now.

The Socialist-led government in France, which has promised to create 700,000 jobs at home and is experimenting with the idea of a 35-hour work week as a means of creating employment, was instrumental in calling the conference. Its prime minister, Lionel Jospin, has insisted that the EU needs to put in place social policies to accompany its drive toward monetary union.

Mr. Chirac said the EU had "justly" been accused of ignoring the needs of its citizens in its drive toward monetary

union, and the conference was a first step in creating what he called a "social dimension" in Europe.

Prime Minister Tony Blair of Britain, who has been preaching labor-market flexibility, said he was pleased with the meeting because it had talked about "investing in people rather than regulations and imposing costs and burdens on industry."

The conference opened "a new chapter in the development of Europe," Prime Minister Romano Prodi of Italy said.

Prime Minister Jean-Claude Juncker of Luxembourg said the meeting was a starting point for concerted action that would be considered finished only when Europe had substantially lifted unemployment, which is twice as high as in the United States or Japan. But the final document omitted any kind of quantifiable targets, including a proposal

from the European Commission, the EU executive, to create 12 million jobs in five years and reduce the average unemployment rate for the whole Union to 7 percent from the present 10.6 percent.

The document said young unemployed people should be offered jobs or training within six months of joining the unemployment register and that the same benefits should be offered to adults out of work for more than a year. But it allowed countries a grace period of five years to put this measure into effect.

The belt-tightening measures that EU members have had to adopt to meet the standards for entering the single currency have contributed to unemployment. But analysts said the single currency and a modest economic recovery could lead to conditions in which job-creation could start flourishing after 20 years of virtually no growth in net employment.

SEOUL: Waning Faith in 'Asian Miracle'

Continued from Page 1

is burdened with a banking system that traditionally banded out loans without paying much attention to credit risk. Resolving the bad debts and modernizing the banking system and capital markets may be an extremely expensive and painful task, requiring many layoffs in a country that for a long time scarcely knew what a layoff was.

In the long run, some economists suggest, this may be a boon for South Korea. In particular, it may lead to the establishment of an efficient capital market and banking system, which would be essential if the two Koreas reunified and the South had to rebuild the North.

The South Korean government had been loathe to turn to the IMF, in part because of the conditions that the Fund would set, breaching what some Koreans describe as their "economic sovereignty." In addition, resorting to the IMF is a stinging humiliation for President Kim Young Sam, who had been particularly reluctant to admit economic failure before his New Korea Party faced presidential elections Dec. 18.

Mr. Kim is barred by law from running again, but the ruling party's candidate, Lee Hoi Chang, is already far behind in the polls.

The beneficiary of the bailout may be the longtime opposition leader, Kim Dae Jung, who is leading in the polls by a healthy margin. The business establishment has long been contemptuous of Kim Dae Jung's command of economics, but these days it is equally dismissive of the ruling party's economic management.

President Kim and Mr. Lim met Friday night with the presidential candidates to discuss the decision to turn to the IMF. Afterward, the government said that it had the support and understanding of all the candidates to make the move.

In recent days, Kim Dae Jung has endorsed the idea of an IMF bailout, while Mr. Lee has rejected it. Mr. Lee did not comment directly Friday, so it was unclear whether he had been persuaded of the need for international assistance.

South Korea's economic difficulties also have a security dimension, because North Korea by some accounts is always suffering from weakness and an opportunity for military adventure.

"If our financial market plunges into chaos, we have to worry about North

Korea," said Lee Shin Bom, a member of the National Assembly.

In addition, South Korea and North Korea, which technically remain at war, are preparing for talks intended to reach a lasting peace to replace the armistice that suspended fighting in the Korean War. South Korea would prefer to enter negotiations when it is feeling more secure, but North Korea is relishing the chance to offer its own analyses of South Korea's problems.

WON: Seoul Turns to IMF

Continued from Page 1

begin the needed restructuring of the financial system." Additional fiscal and monetary policy changes will be needed, he said, to create "a comprehensive package that could be supported by the IMF and the international community."

The White House confirmed that South Korea's request would be discussed at the meeting next Monday and Tuesday in Vancouver of senior officials and leaders of 18 Asian-Pacific economies.

But the White House press secretary, Michael McCurry, would not say whether the United States would participate in the bailout.

Analysts said, however, that all the cash the government counts on receiving from the IMF, the United States and Japan will hardly begin to solve South Korea's long-term financial crisis.

The power of the IMF to set the agenda for financial reform may cause a number of the investment banks that have sprung up in South Korea in recent years to merge or close. Critics question whether the government is ready for the kind of drastic action needed to bail out the economy.

"We can expect the IMF to solve the short-term dollar problem, but it won't solve the structural problem of over-lending and overinvesting," said Richard Samelson of SBC Warburg, Dillon & Read. "They only set conditions on monetary policy."

Analysts estimate that the overall domestic corporate debt of South Korean companies at the equivalent of \$200 billion. That's not counting more than \$120 billion in foreign currency debts—half of it due by the end of the year.

SEVEN: Critics Say Risks Are Too Great

Continued from Page 1

ical Center in New York. "However, if she would have died or the babies had lifelong problems with cerebral palsy or some other complications, it would be a nightmare. Even now, with the potential for psychosocial problems, it may still become a nightmare. And society, certainly has the right to ask why did this happen and were there alternatives."

Roger Kempers, medical director of the American Society for Reproductive Medicine in Birmingham, Alabama, said the society's guidelines call for doctors to avoid large-scale multiple births.

One problem is that ovarian over-stimulation can cause swelling and bleeding of the ovaries and severe fluid retention that can lead in rare cases to heart failure.

Women carrying multiple fetuses also are at risk of potentially fatal blood clots and other complications during pregnancy and delivery, and the children often require expensive follow-up care for years. A set of Indiana sextuplets born in 1993 required three years of state-funded special care, for example, and several sextuplets born last year in Albany, New York, have serious medical problems, including one case of partial blindness.

Mr. Kempers said Germany recently passed legislation prohibiting doctors from using a common fertility technique to create more than three offspring per mother. But he said there were many ways to avoid multiple births without legislation and without having to resort to aborting one or several of the fetuses—an option the McCaughey said they opposed on religious grounds.

"We think it's better if we can self-regulate this than having the federal government coming in," Mr. Kempers said.

Other experts said they were concerned that if fertility specialists did not rein themselves in, their credibility as advocates for their patients would plummet and the profession might find itself the subject of congressional attention.

Reproductive medicine is effectively unregulated in the United States, in large part because the government, under

pressure from opponents of abortion, has banned federal funding of research involving human embryos. That ban has meant fertility research has been conducted primarily at independent, profit-seeking clinics instead of by federal researchers, whose proposed experiments must first pass muster with scientific and ethical review boards.

"By and large, infertility treatment in this country has grown up as an entrepreneurial field rather than as a scientific field, so many of the things doctors are doing in the way of fertility treatments have not met the same standards of scientific scrutiny that we think," said Thomas Murray, director of the Center for Bioethics at Case Western Reserve University.

Mr. Murray said he was gratified that the McCaughey children were doing well, and did not begrudge the parents' decision to carry all seven fetuses to term.

Like most women, Mrs. McCaughey was born with ovaries full of immature eggs. But the pituitary gland in her brain produces too little of a substance called follicle stimulating hormone, which normally spurs a few of those eggs to mature each month. Her doctors prescribed the drug Metrodin, rich in that key hormone.

Typically doctors track the egg maturation process in fertility patients with ultrasound imaging, which allows them to see the small eruptions that develop on the surface of the ovaries as eggs mature. When three or four or more are ripe, doctors give an injection of another hormone, human chorionic gonadotropin, HCG, to release those eggs from their ovarian nests and make them available to sperm, which are injected into the vicinity with a syringe or through intercourse.

Mr. Sauer said it would have been obvious that Mrs. McCaughey's ovaries had overreacted to the drug. "She must have had a dozen or more eggs going, and if she was being monitored correctly they had to know she was grossly over-stimulated before she got her HCG shot," he said. "That's not even a borderline call, it's a cavalier decision to give a woman like that a shot of HCG. If we see more than four or five we cancel those cycles."

Largest Septuplet Breathes Unaided

Reuters

DES MOINES, Iowa — The first-born and biggest of the world's only known living septuplets was breathing on his own Friday, and his six brothers and sisters were reportedly making significant progress.

"They all spent a delightfully quiet night and each of them has shown some significant improvement," said Robert Shaw, a neonatologist at Iowa Methodist Medical Center where the three girls and four boys were born Wednesday to Bobbi and Kenny McCaughey. Mr. Shaw said the baby, named Kenneth Robert, and nicknamed "Hercules" by the medical staff because he was at the bottom of the womb with six siblings stacked in a pyramid above him, was removed from a mechanical breathing device. His birth weight was 3 pounds, 4 ounces (1.474 kilograms).

He was also upgraded to "fair" condition, a step above the serious condition listed for the other six and two levels better than the critical or worst-case condition.

"All of the other babies are making significant progress but it will be an additional two or three days of ongoing ventilator and extra oxygen support," Dr. Shaw said.

He added that another boy named Joel Steven was progressing after he had been briefly listed in critical condition shortly after birth because of blood loss. Joel Steven weighed 2 pounds, 15 ounces at birth.

It was not clear Thursday whether Dr. Hauser was aware of the number of stimulated eggs and, if so, whether she considered canceling the fertility cycle.

She said that she had treated hundreds of patients with the drug in the past 18 years and that on mother had given birth to more than triplets.

RATINGS: Asian Turmoil Causes the Firms to Lose Credibility

Continued from Page 1

instructed its airline and its oil company to avoid paying bills with dollars, analysts vented their frustration.

"And yet this is a country that is rated in the high single-A category," said Ricardo Kleinbaum, PaineWebber's senior vice president. "What is wrong with this picture?"

Even some of the rating concerns admit that they have been caught flat-footed by the speed with which the crisis spread from Thailand to much of Asia, crashing currencies and corporate balance sheets in its wake.

Compounding that miscalculation, they say, has been the slow response of governments across the region.

In the past, the mere threat of a ratings downgrade was enough to prompt governments into putting their financial houses in order. The agencies' unique, privileged access to the books and as boardrooms of companies, as well as to finance ministries and central banks, gave their assessments of credit quality an unrivaled weight.

But now, the markets are leading the way and demanding the changes, with the agencies bringing up the rear. So routine has that new order become that some analysts fear there will be long-term damage to the ratings agencies' credibility at a moment of great need for solid information.

The agencies deny that they have been lagged and insist that, like the Asian companies that still cling to their investment-grade ratings, the rating agencies will weather this crisis. Some of the rating companies' executives take consolation in what they insist is the all too familiar ring in today's criticisms.

John Chambers, deputy head of sovereign ratings at S&P, recalls that in 1995 the markets predicted that several Latin American countries would default on their hard-currency debts in the wake of the fast-moving financial crisis of that year—the Mexican peso debacle.

"None of them did default," he said, arguing that the fault in Asia also lay with the markets' herd mentality: "Markets just tend to over-react."

With blame for Asia's mess increasingly focusing on its financial system, and with a receding economic tide exposing ever more questionable banking practices there, critics have pounced on the seemingly sanguine view the agencies took of those banks. Why, they wonder, did the watchdogs offer no warnings of the lax practices and weak management that they surely must have seen?

Many executives of the rating agencies say they did signal their concern as far back as two years ago, when banks in the region ranked among the most profitable and best-capitalized in the world. But those signals did not appear in their credit ratings, where in fact they did not belong, the agencies say.

"An institution run by a bunch of bureaucrats who couldn't run a corner candy store is not necessarily a bad credit risk," said Mr. Krasno of Moody's. What is crucial is the willingness of governments to step in, as most pledge to do, and bail out management teams that Mr. Krasno says may in fact be "dumbos."

It is those government guarantees that transcend bad management, lax regulation, corrupt lending practices and all other maladies and ensure that creditors get what the agencies say they will get

when they assign a good rating—in other words, that they will get paid.

If you really want to know what the rating agencies think of a bank, you have to consult what most rating concerns call their financial ratings. Those ratings, which are ranked like a school report card, from A to E, exclude the effects of government safety nets.

"We think those ratings are the better indicators than credit ratings," said David Marshall, director of the Hong Kong office of IBCA, the London-based rating concern.

Samsung's Debt Is Downgraded

Samsung Electronics Co.'s debt rating was cut Friday by Moody's and the debt of some of South Korea's other biggest companies was put under review and concern that economic turmoil there might hurt corporate profits, Bloomberg News reported.

"The deteriorating Korean economy and weakening banking system will place additional pressure" on performance, Moody's said.

Samsung's senior-debt rating was cut to Baa2 from Baa1 by Moody's, placing it two notches above junk-bond status. S&P put Samsung's A-minus rating under review for a cut.

IRAQ: Accord Welcomed by Arab Leaders

Continued from Page 1

broker a broader peace in the Middle East and that the Americans are callous toward the suffering of the Iraqi people through seven years of economic sanctions.

Siding with Mr. Saddam would have allowed Arab leaders to play to the popular sympathies of people who themselves feel put upon by the West. But that also would have meant suppressing concerns about Iraq's weapons of mass destruction as well as risking vital economic and military partnerships with Washington.

Arab officials said that efforts by such leaders as Mr. Mubarak and King Hussein of Jordan to stave off a military

threat had prevented a regional crisis.

"Saddam avoided a war in the region and he made it known that sanctions cannot go on indefinitely," an official of the Arab League said. "He has made his issue the front-burner issue."

The official added: "At the same time, Arab countries have not given him a blank check. The major Arab countries want him to understand his limitations and show some subtlety and flexibility, something for which he is not known."

It was Mr. Saddam's blatant aggression in ordering the invasion of Kuwait in 1990 that made it possible for Egypt, Syria, Morocco and other Arab powers to justify sending troops into battle against him.

But those decisions were accepted only grudgingly and were tempered by two widely held ideas: that Iraq's ostracism would be short-lived and that Arabs would be rewarded for their cooperation by U.S. pressure on Israel to reach lasting settlements with its neighbors.

Increasingly, Arab frustration that neither goal is within reach has been expressed in complaints—from ordinary people, from politicians and in the press—that the United States has not kept up its side of the bargain.

Over the last three weeks, while U.S. officials have been warning that Iraq's ability to produce weapons of mass destruction was increasing daily, some Arab leaders were concerned that as long as the standoff continued, it would galvanize antipathy to Washington.

A Jordanian official made it clear that his government would continue to press for a broader policy review. "The moral question that we have to ask ourselves is: How can you punish 18 million Iraqis when their leader is not suffering and does not care whether his people are being punished or not?"

In light of the latest developments, Arab commentators were expressing the hope that the stage might be set for further progress.

"In the wake of so much tension, the best aspect about this agreement is that it can create an atmosphere of relaxation that will be necessary if a real solution to the standoff between Iraq and the United Nations is to be found," said Nabil Zaki, deputy editor of Al Akhbar, the semi-official Egyptian newspaper.

IRAN: Small Moves Toward Political Liberalization Are Setting Off Increasingly Violent Confrontations

Continued from Page 1

plot by world arrogance." Another said they were undermining "the cause of unity in Iran."

The attack and its aftermath were only the latest signs that forces with differing views of Iran's future are coming into sharper confrontation.

That confrontation broke into public view on Nov. 4, when two demonstrations were held to mark the anniversary of the 1979 takeover of the U.S. Embassy in Tehran. There was to have been only one demonstration, but disputes over speakers and political content led to a split.

Last week, militants shouted down Abdolkarim Sorouch, a moderate theologian, as he sought to give a speech at Tehran Polytechnic University.

Three days later they disrupted and forced the cancellation of a conference there at which Mr. Sorouch and others were to have discussed the morality of hostage-taking.

That is a highly sensitive subject in Iran because some politicians and others who supported the seizure of U.S. diplomats as hostages in 1979 are still active public figures.

Also last week, assailants broke into and ransacked the office of a student up whose leader, Heshmatollah Yzadi, had called for limits on

Ayatollah Khamenei's power and his term in office. Several members of the group, including Mr. Tabarzadi, were severely beaten.

Although tensions in Iranian society have been growing for some time, their extent only became clear to the outside world in May, when Mohammed Khatami, a relatively moderate cleric, won the presidency in a landslide. He upset a more conservative figure who was supported by most of the religious establishment.

Since he took office, Mr. Khatami has been traveling the countryside in a pickup truck and meeting with ordinary people. In one speech in his home province of Yazd, he won applause by saying, "First comes Iran, then Islam."

His decisions to shun his official limousine and to abolish the "discretionary fund" from which Iranian presidents have traditionally been permitted to draw money without being audited have further added to his popularity.

"Khatami is not involved directly in the confrontation we're seeing now, and it isn't about him as a person," said a Western diplomat posted in Tehran. "It's a struggle between two ideological lines within the clergy and within society. Naturally one group supports ideas which Khatami also supports, such as freedom of speech and less control of society. Others are against those ideas."

"Depending on how this plays out, it could wind up strengthening or weakening Khatami's hand," the diplomat continued. "Things have gotten much more relaxed here since Khatami took over and people support him and his team. They have taken a conciliatory line that has greatly eased some of this country's problems, especially problems in foreign policy."

"Naturally not everyone likes this approach."

As a result of Mr. Khatami's foreign initiatives, Iran has improved its relations with many nearby countries, including Turkey, Russia, Lebanon and nations in the Caucasus, central Asia and the Gulf, as well as in Latin America and even Western Europe.

Early this year, ambassadors from all European Union countries left Iran after a German court found that senior Iranian officials had planned the killing in 1992 of three Iranian dissidents and their translator in a Berlin restaurant. This week, in a sign of improving relations, all but the French and German ambassadors returned.

[Those two ambassadors were to fly back to Tehran together late Friday, Reuters reported, quoting the German Foreign Ministry.]

The Iranian government woo another foreign policy victory recently when it signed a \$2 billion contract for oil and

gas development with the energy conglomerates Total SA of France, Gazprom of Russia and Petronas of Malaysia. The deal was made despite efforts by the United States to prevent it.

Some conservatives in Iran have suggested that Mr. Khatami's foreign policy successes have come at an unacceptable cost because they involve compromises with unfriendly powers.

They also suspect that Mr. Khatami is less than fully faithful to the principles of the 1979 Islamic revolution.

Some Iranians, such as a group of university students who recently boycotted classes for two days while demanding the appointment of new administrators, are impatient at what they say is the slow pace of change. Conservatives, however, say Mr. Khatami is moving too fast.

Among recent moves that have alarmed conservatives was the removal of the commander of the Revolutionary Guards, Mohsen Rezaei, who was a pillar of the Islamic regime for 16 years.

In addition, the government has loosened cultural restrictions, allowing the publication of books and the distribution of films that were banned. It refused, however, to allow the reprinting of a book that describes Iranian intellectuals as "agents paid by Iran's foreign enemies."

In a nationally broadcast interview



Former Prime Minister H.D. Deve Gowda in New Delhi on Friday after saying elections were inevitable.

India Coalition Sees Elections as Likely

The Associated Press
NEW DELHI — Leaders of the governing coalition in India said Friday that early elections were inevitable because of a dispute with the Congress (I) Party over the government's make-up.

"Elections will follow," former Prime Minister H.D. Deve Gowda said after a 90-minute meeting of the United Front coalition. Congress is threatening to withdraw support if the Dravida Munnetra Kazhagam party is not thrown out of the coalition.

Dravida Munnetra Kazhagam has been accused of supporting rebels

linked to the assassination in 1991 of Rajiv Gandhi, a former prime minister who was then the Congress leader.

"There is on question of dropping DMK," said Mr. Gowda, who is chairman of the coalition.

Though he did not lay out the coalition's next step, its leaders appeared ready to ask the president to call for new elections rather than face a confidence vote. A campaign lasting several months would precede voting.

Negotiations could still result in a compromise, because politicians in the coalition and the Congress Party alike

fear new elections. "The Congress Party does not wish to plunge the country into another election," said Jitendra Prasad, vice president of the Congress Party's policy making committee. "However, the Congress is not afraid of going to the people if it is absolutely necessary."

Tide Will Turn in China, Wei Says

Freed Political Prisoner Speaks for Out for First Time in U.S.

By Lena H. Sun
Washington Post Service

NEW YORK — China's most prominent dissident, Wei Jingsheng, re-entered public life Friday with a strong endorsement of democracy and a vow to champion the cause of freedom after nearly 18 years in prison.

"I have waited decades for this chance to exercise my right to free speech, but the Chinese people have been waiting for centuries," he said, reading a statement in Chinese to 200 reporters and others at the New York Public Library. "Those who already enjoy democracy, liberty and human rights, in particular, should not allow their own personal happiness to numb them into forgetting the many others who are still struggling against tyranny, slavery, and poverty."

He told his audience to "not pay attention" to the current weak state of the Chinese democracy movement. "The future prospect of the Chinese democracy movement is excellent," he said. "After a low tide, there is always a high tide of democracy."

In his first news appearance since he was abruptly freed Sunday from a Chinese prison outside Beijing on medical parole, Mr. Wei appeared to be in good spirits, smiling and waving to the cameras as the audience burst into applause when he walked into the Celeste Bartos Forum, a huge room with marble-

inlaid walls with a glass and steel dome.

Although he looked pale, and his eyes were puffy, he showed his characteristic modesty and seriousness. At one point, clearly enjoying himself, he even quipped "sorry" in English when he was chided by the moderator for answering too many questions. When a Cantonese-speaking reporter asked a question that could not be translated into either Mandarin or English, he joked to the reporter that the two Chinese dialects were like different languages. But after half an hour of questions, he cut off the session because he said he was very tired, and feeling weak and dizzy.

"I certainly plan to go back," he said, speaking through several interpreters. "In fact, I never intended to leave," he said. But he was given no choice, he said, because the authorities told him the only way he would be released on medical parole would be to seek treatment in the United States.

Although Mr. Wei said he planned to take part in "all sorts of democracy activities," he was vague about his immediate plans. He deflected questions about Tibet and his prison conditions, which family members and human rights groups have said included beatings and constant surveillance in a glass cell, by saying he planned to write about them.

He did articulate what he said was the most important thing he learned in jail.

"For human beings, there is no difficulty that cannot be overcome," said Mr. Wei, 47, who has spent all but six months in prison or labor camps since 1979. "Rely on yourself, and you can overcome anything."

A former electrician at the Beijing Zoo, Mr. Wei was first jailed in 1979 for advocating democratic reform. Released in September 1993, he was arrested again in 1994 and sentenced in 1995 to 14 years in jail for plotting to overthrow the government.

Mr. Wei arrived Sunday in Detroit, where he underwent four days of medical tests. He is in receive further treatment at Columbia Presbyterian Medical Center in New York.

Mr. Wei said he was "not too clear on the reasons for my release."

Congressmen to Visit Tibet

Two groups from the U.S. Congress will visit Tibet in 1998 for the first time in more than five years, Reuters reported Friday from Washington.

Representative Christopher Cox, a California Republican who tried to visit Tibet in 1997 but was denied access by China, said he would be on both delegations, one in July and one in August.

President Jiang Zemin of China, during his state visit to Washington in October, agreed in principle to a congressional visit in response to widespread American criticism of Chinese policy toward the Buddhist region.

BRIEFLY

New Zealand Settles Tribal Land Claim

KAIKOURA, New Zealand — Settling a land claim filed nearly 150 years ago, the government apologized Friday for stealing a Maori tribe's territory and agreed to pay \$107 million in compensation and restore some indigenous rights.

Prime Minister Jim Bolger signed the agreement that settles the claim that seven generations of the South Island's Ngai Tahu tribe have pursued in what they call their "fight for justice." He said it was "an important step toward healing the grievances of the past."

Ngai Tahu tribal members say their claim, first lodged in 1848 over the government's "land thefts and broken promises," is the longest-running indigenous land claim in the world. (AP)

Cleric Shot in Pakistan

LAHORE, Pakistan — Gunmen on a motorcycle shot and killed a Shiite

Muslim cleric on Friday in the eastern city of Lahore.

The authorities said they suspected Sunni Muslim militants, although there were no immediate arrests or claims of responsibility in the killing of Rafiq Zahid, a Shiite Muslim organization, Shiite Movement, called the killing "an act of terrorism."

Religiously motivated violence, usually between rival Sunni and Shiite Muslims, has killed more than 250 people in Pakistan this year. (AP)

Trial of Cuba Closes

MIAMI — Plaintiffs' lawyers have presented their closing argument in a landmark lawsuit against the Cuban government and air force, asking a Miami judge to award more than \$79 million in damages to the families of three Cuban-American pilots shot down by a Cuban jet fighter.

Judge James Lawrence King's decision on whether Cuba is liable for the wrongful death of the three men, all U.S. citizens, over the Florida Straits in 1996 will set an

important precedent, the lawyers said Thursday.

The civil suit is the first to go to trial under a 1996 anti-terrorism law that aims to extend U.S. jurisdiction beyond the country's borders for attacks on U.S. citizens.

An attorney for the victims' families, Frank Angones, said, "They hope that this will deter other rogue and terrorist nations from ever doing this vile act again."

The Cuban government declined to defend itself at the trial, saying a U.S. court had no authority over it. (Reuters)

For the Record

An earthquake in southern Bangladesh of magnitude 6 on the Richter scale brought down a five-story building, killing three people, and sent thousands of residents pouring into the streets of Chittagong. (AP)

Two gunmen killed a magazine editor, Jairo Elias Marquez, in Armenia, Colombia, authorities said, bringing to seven the number of Colombian journalists murdered this year. (AP)



A fire warms you, we pamper you.

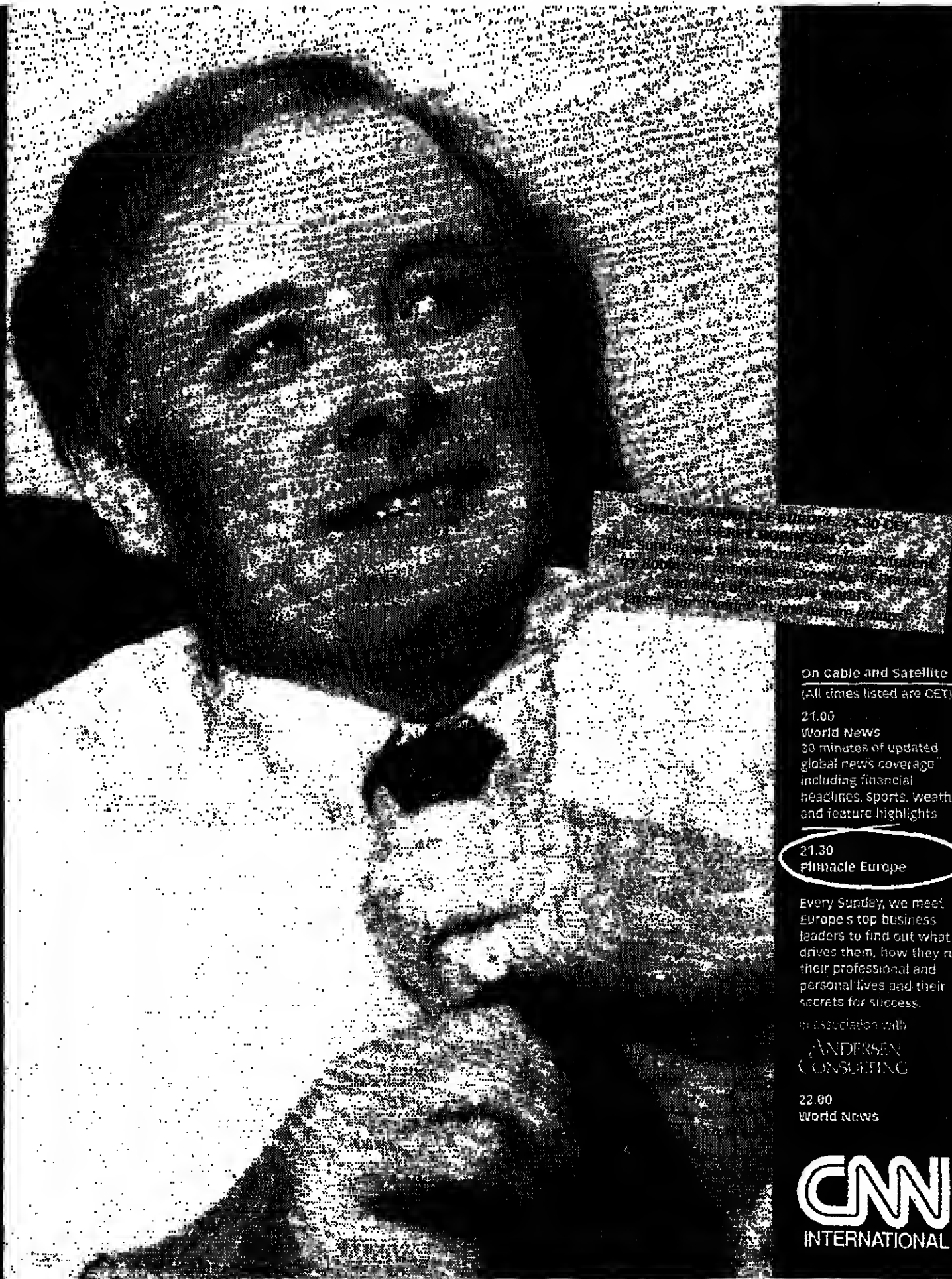


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Saddam Remains

The best that can be said about the Iraq crisis isn't very good. It is that its apparent cooling restores a status quo that is unsatisfactory. Saddam Hussein is left in power. He is devious and dangerous but then he already was devious and dangerous. The two sets of international restraints that sit loosely on him, the economic sanctions and the arms inspections, remain in place. Russia scored a diplomatic coup by engineering a "resolution" of sorts in a high-profile regional confrontation in which the possibility of the use of American force, wobbly as it was, must finally have served as some kind of incentive.

For the United States the crucial immediate consideration was not merely to restore the arms inspectors with authority intact and improved. This apparently was accomplished. The important thing was to restore the inspectors without making any concessions that Mr. Saddam could use to show his defiance had paid. That would have been an unacceptable defeat for the United States and the United Nations alike.

The Clinton administration insists that nothing faintly like a deal happened: no winks, no nods. Others, not unreasonably, have their doubts. The administration response is that although the Russians promised to help the Iraqis get rid of the sanctions, these promises do not bind Washington, and anyway they are to be advanced in an arena, the UN Security Council, where Americans have a veto. In any event, the truth of the matter should become clear fairly quickly as events play out.

What should be done now about Mr.

Saddam? This crisis confirmed the previous cautious judgment shared by Bill Clinton and George Bush. The Iraqi leader has a tight, terroristic grip on his country and cannot be removed by foreign force at any price that the United States, let alone Europeans and Arabs, seems currently prepared to pay. The administration's actions over the past three weeks affirm that perception — held not just at home, but presumably also in Baghdad.

Possibly Mr. Saddam used the three weeks of no inspections to put the final deceptions and subterfuges in place that permit him to open up to the inspectors and to emerge with a clean record. He might then insist that he had worked his way out from under sanctions and inspections alike. That makes it incumbent on the United States and still-faithful coalition allies to be ready with other ways, including the monitoring contemplated by UN resolution and coalition reconnaissance, to keep up on his military planning.

The sanctions, because of the sympathy they generate for Iraq in many places, are seen by many as a wasting asset, but we do not believe that is so. As we have repeatedly argued and continue to believe, it is within Saddam Hussein's power to substantially relieve his people's suffering by meeting the reasonable international conditions that the sanctions are meant to encourage. The Iraqi leader has long thought he could bully the U.S. and the UN into dropping the sanctions and giving him what he wants by some sort of shaming technique. It should not be allowed to work.

—THE WASHINGTON POST.

Awaiting a Debate

Many Americans were skeptical when Bill Clinton called for "a national dialogue" on race but then delegated responsibility to a panel that has been slow to get started. The skepticism deepened this week when the panel held a hearing on diversity but declined to hear from opponents of affirmative action. That does not make for much of a dialogue.

The race panel's work should involve more than shouting matches among enemies and advocates of affirmative action, of course. But if the panel is to make a meaningful contribution to the debate on race, it must do more than preach to the converted. The controversy erupted when the panel's chairman, John Hope Franklin, the distinguished historian, declined to solicit testimony from Ward Connerly, the University of California regent who vigorously opposes affirmative action and supported Proposition 209, which repealed affirmative action in California. Mr. Franklin sparked the

fireworks by telling reporters that Mr. Connerly had "nothing to contribute" to this week's discussion. Mr. Franklin could have insulated himself from some of the criticism by placing the panel's work in a broader context.

The race panel intends to stage at least one event per month and is considering debates among supporters and detractors of affirmative action. The hearings this week were meant to explore the value of diversity and to set the stage for subsequent discussions. In addition, panel officials plan to solicit thoughtful essays on race from people across the political spectrum, distributing a selection of them widely through the Internet and other outlets. Mr. Clinton's town meeting on Dec. 3 will capture some of the same flavor.

Not every event needs to be a knock-down struggle. But to grapple with this difficult and divisive issue, and to have its work taken seriously, the panel will need to foster some spirited debate.

—THE NEW YORK TIMES.

The Domain Game

Anyone who wants to relive the gold rushes of the last century should be keeping an eye on the complex struggle to determine the allocation of new Internet addresses. Sound dry and technical? Not if you consider the amazing sums of money involved, both for businesses seeking easy-to-remember addresses and for the people who allocate the registrations. And not if you consider that nobody — in particular, no government — is truly in charge of designing this lucrative new territory.

In recent weeks the White House, the Commerce Department and several congressional committees have been scrutinizing a plan developed by an international committee of Internet experts to create seven new "top-level domain names" — the part of an Internet address that comes after the dot, like .org or .com — and thus open up far more opportunities for desirable names they like.

Since no reliable directories of companies' Internet or e-mail addresses exist, it's incredibly valuable for a company to snap up an easy-to-remember domain name, for example, burgerking.com.

The government has concerns about

how the domain-names issue meshes with trademark and intellectual property law, and those same concerns already have dogged the domain-name handlers in many countries.

But the role any government will play in this process is one of the mysteries. From the start, the Net and the Web have been administered not by governments but by the relatively small group of people with the technical know-how to do it. Those folks face the task of coming up with some form of legitimate Internet self-government. The techies are only one part of what the Reston-based Internet Society calls the network's "stakeholders," but how to accommodate all these different, competing interests, and under what structure? Can the committee follow through on its current plan to shift from the single company now handling domain-name registration, the Herndon-based Network Solutions Inc., to a global, open and decentralized registry system?

As national governments struggle with the challenge of asserting control over a global and borderless medium, that medium's internal institutions have their own heavy responsibility.

—THE WASHINGTON POST.

Other Comment

The Russians Stand Tall

The biggest winners (in the Iraq crisis) are the Russians. Notwithstanding the collapse of their status as a superpower, they have shown that they can protect Arab states from American

pressure. Their motives, at least, are clear. Indeed, the consistent thread of the career of the Russian foreign minister, Yevgeni Primakov, both today and in the Communist epoch, has been the diminution of American influence.

—The Daily Telegraph (London).

Primakov Rushes to Fill Clinton's Policy Vacuum

By Jim Hoagland

WASHINGTON — The world's most important diplomats went without sleep this week to announce a nondescript change in Iraq and the Middle East. Don't believe them. The world has changed in the past three weeks in ways that the bland pronouncements from Geneva cannot mask.

A quarter of a century ago, Henry Kissinger with brilliant duplicity shut the Russians out of the Middle East. This week, Bill Clinton and Madeleine Albright held Yevgeni Primakov's coat as the Russian foreign minister brought Moscow back into the region in a big way. The zero-sum game of diplomatic competition for influence in the Middle East that supposedly died with the Cold War is on again, sparked by the opaque Baghdad-Moscow arrangement on UN weapons inspections and economic sanctions against Iraq announced near dawn Thursday in Geneva.

A return of Russia to world diplomacy need not be a bad thing in itself. Russia today is not the Soviet Union that Mr. Kissinger kept out of its shuttle diplomacy and relegated to a ceremonial role in the Geneva peace conference in 1974. Moscow is not even as middlesome as it was in 1991, when Jim Baker used the Kissinger model to relaunch Arab-Israeli peace talks.

But the Clinton administration's wrong-footed acquiescence in letting Mr. Primakov play the lead diplomatic role in determining whether there would be war or peace in the Gulf is a significant reversal of U.S. fortune both in Moscow and in the Middle East.

It underlines the total absence of meaningful U.S. diplomacy at a time of crisis in Israeli-Palestinian negotiations. Saddam Hussein and Mr. Primakov moved into the vacuum Mr. Clinton and his national security team willfully let develop in the Middle East over the past year and exploited it.

Mr. Primakov's apparent rescue of Mr. Saddam from powerful U.S. military strikes will also have negative political impact in U.S.-Russian relations. It does nothing to encourage the positive currents in Russian thinking on the Kremlin's relations with the Middle East, Washington and the world.

The Geneva outcome instead exalts Russian "Orientalists" like Mr. Primakov who have identified their careers with promoting and protecting the most extreme and destructive Arab nationalist leaders. President Boris Yeltsin is the only senior figure in the

Kremlin today whose top priority is maintaining close relations with the United States and the West.

Since Mr. Kissinger, U.S. diplomats have labored to avoid those two outcomes: vacuum in the Middle East, and encouragement of Kremlin hard-liners.

Even at the height of his administration's "Russia First" phase, Warren Christopher, Mr. Clinton's much maligned first secretary of state, refused to let the Russians engineer a role for themselves in Middle East diplomacy. He made clear to Mr. Primakov in one meeting in Damascus in April 1996 that any deal coming out of a region so vital to U.S. interests had to be managed overwhelmingly by the United States.

Significantly, Mr. Christopher was advised on Russian and Middle Eastern affairs by Dennis Ross, who played the same role for Mr. Baker in the Bush administration and whose distrust for Mr. Primakov is legendary at the State Department. Mrs. Albright has kept Mr. Ross on to shepherd the stalled Middle East talks, but her easy acceptance in Geneva of Mr. Primakov's assurances that Mr. Saddam will let the UN inspectors go back to work reveals that she is not listening to Mr. Ross.

Much more is involved than the position of one adviser, however central.

The outcome of the Geneva meeting reveals President Clinton's disregard for, and disbelief in, balance of power politics as defined by Mr. Kissinger and others. In intellectual discussions unrelated to policy decisions, the president routinely dismisses narrow, self-interested diplomacy as "Old Think."

Throughout this three-week confrontation with Iraq, Mr. Clinton has focused in private and in public on what he sees as the real threats to global stability today: proliferation of weapons of mass destruction, drug trafficking, disruption of trade and energy supplies.

Letting the Russians back into the Middle East, and allowing Saddam Hussein to gain new international legitimacy through this disguised bargaining, apparently do not loom as significant dangers on any of the screens the president watches closely. Any gains Moscow and Baghdad made were insignificant, Mr. Clinton's aides proclaimed Thursday, insisting that Washington was not part of any deal to ease sanctions and had not allowed its authority to be eroded.

That is not just New Think. That is Dangerous Think, in a part of the world less reformed than President Clinton appears to believe.

The Washington Post.

As the 7-Year Game Rolls On, Saddam Looks Comfy

By George F. Will

LONDON — The most recent crisis with Iraq was foreshadowed in the text where Iraqi officers came to receive the truce terms nearly seven years ago.

In "Desert Warrior: A Personal View of the Gulf War" by the Joint Forces Commander, General Khalid ibn Sultan of Saudi Arabia writes that he and General Norman Schwarzkopf worried that the Iraqi officers might bring weapons — might even be killers on a suicide mission: "So, in order to search them without causing them undue humiliation, we had agreed that we would all submit to being searched — by our own guards, of course."

Well, the Iraqi regime had lost a war of aggression, been spared from destruction, and the allies were worried about seeming rude to the regime's representatives. In their book, "The Generals' War," Michael Gordon and General Bernard Trainor say General Schwarzkopf allowed himself to be searched first "as an example."

With the world's fourth-largest

army a ruin but the regime that wielded it still breathing, Americans were practicing therapeutic politeness.

Before that tent was struck, the victors granted permission to the Iraqis to fly armed helicopters. The Iraqis said the helicopters would be used only for purposes of internal administration. Some there were widespread insurrections that U.S. policymakers hoped would do what Desert Storm stopped short of doing: topple Saddam Hussein. Fighting erupted in all but three Iraqi provinces. And the helicopters were used for suppressing it.

Now, after nearly seven years of Mr. Saddam's obstruction of the inspection system, the victors imposed, he has tried to rewrite the terms as they apply to UN inspectors seeking to destroy his weapons of mass destruction. Officially, U.S. policy has been to refuse to negotiate about the United Nations' rights. Actually, the U.S. signal about possibly expanding Iraq's rights to sell oil under the "oil for food" program, in exchange for Iraqi compliance with existing accords, was negotiation. This folly was compounded by asking Russia, an opponent of the U.S. policy of reliance on economic sanctions, to mediate with Mr. Saddam.

The 1991 decision not to use the victorious coalition's forces to destroy Mr. Saddam now looks like a mistake. However, interviewed in London on Wednesday, George Robertson, minister of defense of America's most reliable ally, defends that decision. He has no illusions about Saddam — he has seen victims of Mr. Saddam's gas attacks — but insists that going beyond the UN mandate, which spoke just of liberating Kuwait, "would have stretched the tolerance of the world."

Those who live by multilateralism can be inhibited by it.

As inhibited as the United States is today as it tries to cope with the falsity of President George Bush's 1991 declara-

tion to Congress that Mr. Saddam's "ability to threaten mass destruction is itself destroyed." Despite Thursday's agreement, Mr. Saddam has all but slipped the slender leash that UN inspection put on his development of weapons of mass destruction. He has delivered a severe blow to the idea that the United Nations is competent to tame such a tiger, a blow comparable to that inflicted on the League of Nations' sense of competence by Mussolini's 1935 invasion of Ethiopia.

Even if the status quo ante — the inspection regime as it was a month ago — really is unconditionally re-established, Mr. Saddam has demonstrated for nearly seven years that he can disrupt that regime with impunity. That is, he can do so without suffering any penalty other than the continuation of the sanctions, which he apparently considers an acceptable cost of creating weapons of mass destruction.

And now he has demonstrated that when he needs to maneuver — to move or otherwise obscure his ongoing development of weapons of mass destruction — he can get time and space by causing a cost-free crisis that disrupts inspection.

Is there a military option? While not advocating one, Mr. Robertson notes that what the inspectors already have learned might make air strikes more effective against Iraq's most dangerous facilities than were the 88,000 tons of ordnance delivered during the 43 days of the 1991 air war. Perhaps.

However, there is bad news about the good news — about reports that arms inspectors have destroyed more of Mr. Saddam's most terrible weapons capabilities than Desert Storm did. This suggests that regarding such capabilities, it is difficult to achieve disarmament by violence delivered from the air.

For all the facile talk about having Mr. Saddam in a "box" or "corner," he seems as comfortable there as his minions may have been when so politely received at that tent.

Washington Post Writers Group.

Beware Globalization That Leaves the People Behind

By Carl Pope

SAN FRANCISCO — Shortly after he persuaded Congress to pass the North American Free Trade Agreement, President Bill Clinton made a revealing admission. He lamented to a group of environmentalists that he and every other elected leader were going to have a more difficult time delivering education, decent wages or a clean environment to the public because of the enhanced power that globalization was giving to multinational corporations.

It did not seem to occur to the president that if globalization was making the task of improving people's lives more difficult, even in the presence of steadily more powerful technology and more productive economies, then perhaps globalization is a force that should be tamed, not unleashed.

Now David Friedman, an international consultant and fellow at the Massachusetts Institute of Technology, argues that the best strategy for dealing with globalization is to unleash corporate power even further ("When Globalization Means Shutting Out the Working World," Oct. 29). Mr. Friedman suggests that we dismantle the environmental safety net that Americans have worked to put in place for the last 25 years and join Delhi, Shanghai and Rio de Janeiro in the race to see which

city can first join the exclusive club in which death rates from environmental pollution overtake all of the improvements in public health of the last several centuries.

This is to be done in the name of a dynamic accommodation to the forces of globalization. To make it more appealing to the blue-collar constituency that Mr. Friedman claims to address, he trots out all of the class rhetoric of the new right: environmentalists are "elitists" who care about food safety but not about slave labor.

Mr. Friedman says that if the public will only understand that globalization and the loss of do-

mesic autonomy and control over our lives are inevitable, then we can get on with the business of cutting the best deal possible. The consequences of such a strategy are all too visible. Despite a doubling of high-tech employment in Mexico's frontier industrial zone since the start of NAFTA, virtually none of those profits have been spent on roads, sewers or clean water, while wages have declined by almost 50 percent.

The question people ought to ask is this: Since technology is improving our productivity, couldn't those gains be shared to raise the living standards of the poor and safeguard the environment for the future? If global corporations cannot deliver such a solution, why not hold them accountable?

Such questions have been asked in the debate over "fast-track" authority, in which environmentalists and organized labor joined forces to challenge the Clinton administration's decision to erect the framework of future global trade accords on the political foundation of "accommodation" with the likes of Newt Gingrich, the Chinese government and Exxon.

Fast-track failed to pass in Congress in large part because NAFTA has shown that such accommodation only leads to fewer environmental protections and lower wages.

This is why the Sierra Club

and other environmentalists collaborated actively with the AFL-CIO to defeat fast-track. That's why our organization has joined with Amnesty International in asking Americans to boycott Shell until it uses its enormous influence to improve the economic and environmental conditions of the Ogoni people of Nigeria.

This is why the Sierra Club also has united with representatives in Bangladesh in calling for far more rapid global action to reduce greenhouse pollution than the Clinton administration has proposed.

Mr. Friedman and others deny the possibility of such alliances. They preach the differences in viewpoint between labor and environmentalists, between ordinary citizens in the industrial world and the developing world, and dictate a free hand for global corporations.

Differences exist. The challenge of building a decent world order is to work through them and find solutions that guarantee that the fruits of human invention and labor are used to improve the lives of both present and future generations.

The writer is the executive director of the Sierra Club, the largest grassroots environmental organization in the United States. He contributed this column to the International Herald Tribune.

Truly a Victory for Humanity

By Cornelio Sommaruga

GENEVA — Imagine a world in which civilians in post-conflict communities do not fear stepping outside their homes once the warring parties have laid down their arms. Imagine a world in which people can plant land, gather water and wood, sow crops in peace. Imagine a world in which the war wounded receive the lifelong care and assistance they truly need.

On Dec. 3, representatives of more than 120 governments will take the first step toward making such a world when they sign a treaty banning anti-personnel mines.

During the past two decades, the widespread and indiscriminate use of land mines has resulted in a humanitarian disaster in which civilians have been the primary victims, if not always the main targets. No one knows how many innocent men, women and children have been killed or maimed by land mines. Many die in isolation, unable to reach the medical care that can save them. Stemming the epidemic of wounds provoked by the use of mines requires that these weapons be outlawed once and for all.

The Ottawa Convention marks a historic moment in the development of international humanitarian law, also known as the law of armed conflict. Never before has a weapon in such widespread use been totally prohibited. That such a treaty even exists

bears witness to the determination of more than 1,000 nongovernmental organizations worldwide, other international organizations including the United Nations, the International Red Cross and Red Crescent Movement, and dozens of governments from around the world.

It reflects the influence of international public opinion in setting limits on what is acceptable, even in time of war. It is a visible sign that humanity is not powerless in the face of destructive technology.

Regrettably, a few major governments will not sign the treaty in Ottawa. At the treaty negotiations in Oslo in September, the temptation was strong to weaken the prohibitions to allow governments more time, or more opportunity, to use anti-personnel mines, and thus to encourage those in doubt to sign on. But the overwhelming majority of governments realized that an effective global ban required a truly effective treaty: "No exceptions, no reservations and no loopholes," in the words of Nobel Peace Prize winner, Jody Williams.

History has shown us that prohibitions on the use of specific weapons, such as poison gas and exploding and expanding bullets, are rarely universally agreed upon from the beginning. But with time, these prohibitions have been accep-

ted and respected by all. I truly believe that the same will occur with land mines. Already, the principle that the international community's ultimate objective should be a total ban on anti-personnel mines is almost universally supported.

An enormous amount of work remains to be done. Governments outside the Ottawa process must be brought on board as soon as possible. Millions of anti-personnel mines must be cleared from fields civilians long to start farming again. Millions more must be taken from stockpiles and detonated in safety. And thousands of mine amputees, the vast majority of whom have been sadly neglected, will require a lifetime of rehabilitative care and assistance to restore their dignity and to ensure a chance for social reintegration.

The Ottawa Treaty has made these distant challenges realistic and achievable. We must simply see our commitment through until the end. The success of the international campaign against land mines shows that public opinion and human perseverance should never be underestimated or ignored. The Ottawa Treaty to ban land mines is truly a victory for humanity.

The writer is president of the International Committee of the Red Cross. He contributed this column to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Balkan Deal?

VIENNA — A great sensation has been caused by the statement made in Hungarian papers that an agreement has been come to between Russia and Austria, under which Russia is to be allowed a free hand in Asia Minor, in return for which Austria is at liberty to annex Bosnia and Herzegovina. The annexation of Bosnia would be opposed to the principle of the status quo, and, moreover, the present state of occupation by Austria so closely corresponds with complete incorporation that it resembles annexation.

yielding nothing to capitalism permanently, and he said: "Socialism won't come to-day, tomorrow, or the day after tomorrow. It may be two or three years hence. But in the end, all Russia will be Socialist."

1947: China Votes

SHANGHAI — China went to the polls for the first time in her long history to usher in what is called "a new era in democracy." Paper dragons carried on trucks and flags waving in the cold breeze were the biggest signs of election life in this leading Chinese city as 170,000,000 voters all over the nation started balloting to select 3,024 delegates to the National Assembly. The elections are not expected to mean much in themselves because China is as yet unaccustomed to voting. As one observer put it, "elections themselves are not important, but the fact that there are elections is."

1922: Lenin's Vow

MOSCOW — Lenin's appearance at the Opera House, his first in public since his recent illness, was the signal for a tremendous outburst of enthusiasm from a crowd of 5,000 people. Lenin renewed his promise of

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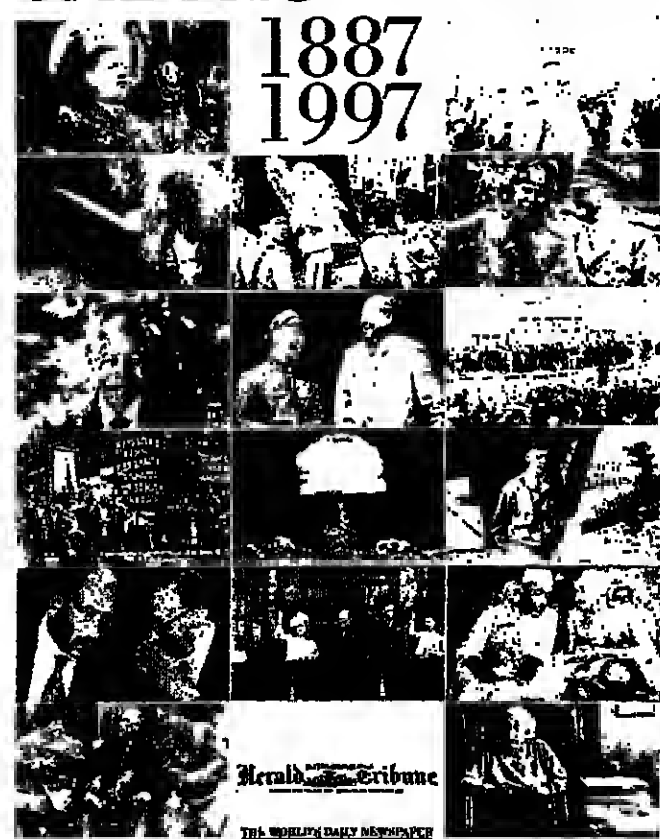
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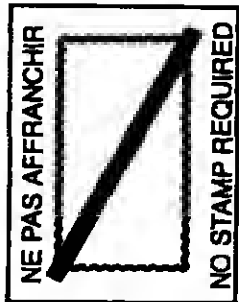
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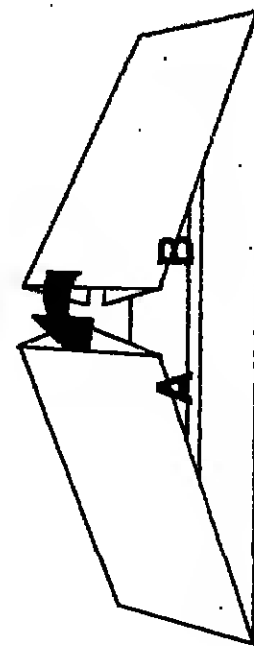
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Playing Hide-and-Seek With Iraq's Warheads

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — For two years, United Nations inspectors have crisscrossed Iraq in pursuit of 25 warheads that are filled with some of the world's deadliest germs and designed to fit atop medium-range missiles. But so far, the inspectors say, each lead has dissolved in a highly dubious tale about the warheads' fate.

The weapons, Iraqi officials have said, survived the 1991 Gulf War by being hidden in railroad tunnels or buried on the banks of the Tigris River to protect them from U.S. and allied bombing raids. Months later, the Iraqis said, they were transported to a desert site called Nebai and destroyed in an attempt to conceal their existence.

But the United Nations' chief biological inspector, Richard Spertzel, said he and his colleagues "are now extremely doubtful" that any of the warheads were destroyed. Iraqi military officers and biological specialists have given conflicting accounts of when the warheads were moved or destroyed, which officials knew about it and what became of remaining parts. None of the warhead production records have been surrendered, raising questions about how many were made.

As a result, investigators suspect that the germ- or toxin-filled warheads, which are each roughly 3 feet wide and 10 feet long (.91 meters and 3 meters), could still be used with secretly constructed Al-Hussein missiles, which have a range of 400 miles (643 kilometers). Launched against a major city in the right weather conditions, UN officials say, the 40 or so gallons (150 liters) of anthrax or botulinum toxin that

Iraq admits were stored in 21 of these warheads before the war could kill from 100,000 to a million people.

Even as UN inspectors resumed work in Iraq on Friday, UN officials said they were a long way from uncovering the full story of Iraq's biological warfare program, an effort that began in part with germs obtained by mail from a Rockville, Maryland, organization and grew into what the United Nations now regards as the most alarming and elusive of all the weapons endeavors undertaken by Iraq.

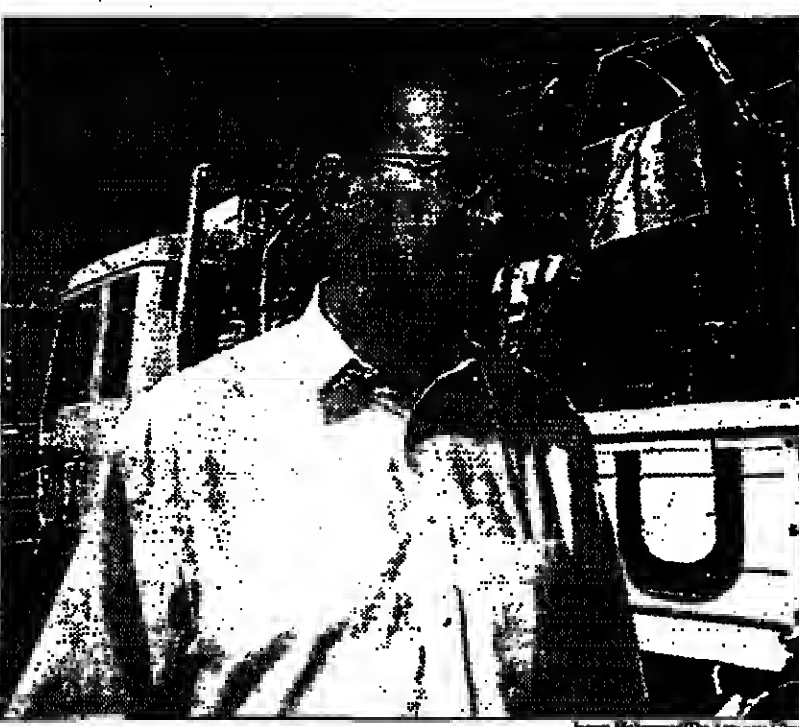
At the top of the inspectors' agenda is hunting down and destroying the warheads, as well as a host of other missing biological warfare products that could wreak havoc in the Middle East.

Australian Ambassador Richard Butler, chairman of the UN Special Commission on Iraq, said that deadly germs were still the most mysterious and dangerous weapon in Iraq's hands because they are easier and cheaper to make than other arms and can be deployed with less difficulty.

They remain, he said in an interview, the apparent weapon "of choice for Iraq." Important enough for the country to forgo billions of dollars in revenue to obtain it if the program were fully disclosed and the UN Security Council lifted economic sanctions.

In a presentation to the Security Council on Wednesday, Mr. Butler and his colleagues said serious gaps remained in the commission's knowledge of the history, purpose and accomplishments of the germ warfare program. But UN officials said that, based on their own sleuthing and admissions by Iraq, they know already that it has deep roots and was one of the world's largest and most impressive forays into this macabre military realm.

A detailed account of the program was



Major General Nils Carlstrom of Sweden, a UN monitoring official, checking that all luggage was unloaded on arrival in Baghdad on Friday.

obtained in interviews with more than a dozen UN officials, U.S. military officers and intelligence officials, and a review of scores of documents related to the Iraqi program. The documents reveal that the covert Iraqi production effort involved at least seven facilities, and although its total staff was no more than a few hundred people, their work had broad scope.

The program included, for example, the production of 528 gallons of a potent carcinogen known as aflatoxin, which Iraqi scientists mixed experimentally with chemical agents widely used for riot control. UN officials have speculated that Baghdad's aim was to spray the chemical on Kurdish or other ethnic minorities, producing an untraceable spike of cancer in these groups years later.

Iraqi biologists also studied how to use bacteria and toxins to lay waste to the

economies of enemy countries by destroying crops and animals. The country also experimented with highly novel methods of delivering disease to enemy territory, attempting at one point to equip a MiG-21 jet fighter with spray tanks and make it operable by remote control. Baghdad's ambition was to command the plane to fly over Israeli territory, begin releasing germs once it crossed the border and eventually to crash-land it, UN officials said, citing private Iraqi statements.

Perhaps the most remarkable facet of the germ program is that so much of it escaped notice by the countries considered most adept at collecting intelligence in the Middle East: Israel, the United States and Britain. Iraqi engineers, for example, were able to produce the rockets, bombs and warheads in secrecy, leaving U.S. and allied officials in the dark about whether and how they might be used during the Gulf War.

Only after the war did Western analysts fully understand that Iraqi scientists had acquired all of the building blocks of its germ weapons program with little difficulty from reputable suppliers in Europe and the United States.

Iraq purchased strains of anthrax and botulinum toxin from a biological supply outfit in Rockville, for example. Several fermenters used to grow the germs were supplied by well-known firms in Italy and Switzerland, which never suspected Iraq's real aim. A third firm in Germany evidently knew what the fermenter it supplied was to be used for, UN officials said.

Moreover, in perhaps the preeminent intelligence failure of the war, each of the three facilities where Iraq has admitted manufacturing biological and toxin weapons escaped notice before the war and survived intact.

Meanwhile, Mr. Aziz traveled to Damascus on Friday in the first such visit by a top Iraqi official since Baghdad and Damascus cut relations 17 years ago, when Syria sided with Iran in the Iran-Iraq war. Mr. Aziz flew in from Cairo, where he had met with Foreign Minister Amr Moussa. (Reuters, AP)

■ **Monitoring Seen as Weakened**

Barbara Crossette of The New York Times reported earlier from the United Nations, New York: Although Iraq has agreed to allow UN inspectors back to Baghdad, officials and diplomats here said they feared they will return as a weakened force, facing the same intransigence as in the past but possibly with less ability to uncover weapons of mass destruction that Mr. Saddam has had three weeks to hide.

The officials feared that their work could be compromised by any promises Russia may have made to Iraq that it would press for an early end to inspections, emboldening the Iraqis to become even more defiant and devious than before. And they are concerned that during the period since Oct. 29, when on-site inspections ended, the Iraqis may have hidden more evidence, destroyed monitoring equipment and perhaps assembled weapons or produced toxic substances and stored them away.

Some equipment under surveillance, including machinery in arms production, is now missing, moved away in the absence of inspectors.

Bill Richardson, the U.S. delegate to the United Nations, said that the absence of inspectors would make the commission's work even harder in coming weeks.

U.S. Wary as UN Team Returns to Iraq

Compiled by Our Staff From Dispatches

BAGHDAD — A team of United Nations' weapons inspectors, including Americans, returned to Iraq on Friday after an agreement hailed by the Iraqi and Russian press but treated with caution by the United States.

Washington underlined its skepticism by moving more warplanes and ships into the Gulf.

President Bill Clinton said the return of the inspectors was an "important achievement" and called for continued vigilance against a revival of Iraq's weapons programs.

"We must be constantly vigilant and resolute, and with our friends and partners we must be especially determined to prevent Saddam's ability to reconstitute his weapons of mass destruction program," Mr. Clinton said of President Saddam Hussein.

Speaking at a White House ceremony at which he received a medal for his Arab-Israeli peace efforts, Mr. Clinton said the UN inspectors' return "is an important achievement for the international community."

"It shows once again that determined diplomacy backed by the potential of force is the only way to deal with Saddam Hussein," Mr. Clinton said.

"We must make sure that inspectors are able to resume their mission unimpeded," he said. "They must be able to proceed with their work without interference, to find, to destroy, to prevent Iraq from building nuclear, chemical and biological weapons and the missiles to carry them."

Baghdad expelled six American inspectors on Nov. 13, saying they were spies. The UN chief arms inspector with-

drew the whole team the next day.

The inspectors, numbering between 70 and 80, flew into Iraq from Bahrain to resume their monitoring of the destruction of Iraq's weapons. They traveled to Baghdad from Habbaniya airport, 100 kilometers (60 miles) to the northwest, in cars and a bus.

Iraq reversed course under an arrangement brokered by Russia, which promised to press for the lifting of sanctions. Deputy Prime Minister Tariq Aziz of Iraq said Russia had promised to work for a "just and fair diplomatic solution." But he acknowledged that the UN Security Council's permanent members had offered no specific commitments.

Ath Thawra, the newspaper of the ruling Ba'ath party, said: "Our latest battle with the world oppressors in America has led to a great victory worthy of pride and glory. We have proved to everyone that we have a national iron will."

Russian media basked in the glory of staging a rare diplomatic coup by negotiating a way out of the crisis. "This success is the first of its kind for several years," the daily Nezavisimaya Gazeta said. It said Moscow had acted "as a world power averting what had at first seemed an inevitable war in the Gulf."

But Secretary of State Madeleine Albright said Russia could not influence the United States in getting the sanctions lifted, and the White House insisted Mr. Saddam got nothing for backing down.

The U.S. aircraft carrier George Washington arrived in the Gulf overnight, a U.S. Navy spokesman at 5th Fleet headquarters in Bahrain said. It is the second carrier battle group to be sent to the Gulf in six weeks.

Russia's Balancing Act

How to Stand Up to U.S. but Avoid Conflict

By Daniel Williams
Washington Post Service

MOSCOW — Russia's successful mediation in the Iraq arms-inspection crisis vividly demonstrated the balancing act that is central to Moscow's foreign policy: a keen desire to show independence in world affairs balanced against a necessity to avoid conflict with the United States.

Because Russian complaints about the dominant role of the United States in the world form the background music for Russian policy, an impression has been created of growing hostility.

Certainly, the days of unquestioning cooperation with America that marked the last years of the Soviet Union are over, Russian observers say. But they pointedly argue that Russia cannot afford a break with Washington.

"Russia is likely to deviate from the United States only on the margins," said Andrei Kortunov, director of the Russian Research Foundation. "But the name of the game now is still integration with the West, the quest for financial credits, the need for investment, so full independence of action is limited."

Viktor Kremenyuk, deputy director of the USA-Canada Institute, said: "The period of romantic love for America is over, but this doesn't mean we fight with America. It would be pointless. We want, however, to underscore the independence of Russia as an international player."

Russia's role with Iraq is almost a textbook case of the two faces of its foreign policy, deftly put into play by Foreign Minister Yevgeny Primakov. On the one hand, Mr. Primakov expressed Russia's opposition to U.S. threats to use force against Iraq. He also pledged to take Baghdad's case for easing the United Nations' trade embargo on it to the UN Security Council. At the same time, Mr. Primakov held firm on the central demand of the United States: Iraq would have to let Americans be part of UN arms inspection teams.

In a stroke, Mr. Primakov demonstrated that Russia can stand up to Washington and still be a responsible power.

In remarks made on Russian television Thursday, he stressed both aspects. "It is natural that we insist that Iraq carry out all UN resolutions," he said. "Russia achieved this without the use of force, without the use of weapons."

Some Russian observers perceive the beginnings of a Primakov doctrine in the yin-yang framework of independence and nonconfrontation. A writer in the newspaper Nezavisimaya Gazeta said the doctrine meant Russia would "develop relations with the West but play independently in other areas" and build its own links with China and other Asian countries as well as in the Middle East.

Russia's yearning for independence stems in part from domestic political concerns. Subordination to the United States

is an emotional issue, at least among Communist and nationalist politicians who form a majority in Parliament.

"Russia still tries to measure itself against the United States, even though we have neither the resources nor power to do so," said Konstantin Eggert, a commentator on international affairs for the newspaper Izvestia.

"If Russia is not going back to square one of confrontation, certainly there is a trend of going back to square three, of at least standing up and being counted."

Symptoms of this urge also have been evident in recent public statements by

NEWS ANALYSIS

President Boris Yeltsin. In China recently, he agreed with his host, President Jiang Zemin, that one single power — that is, the United States — should dominate the world. Last month in Strasbourg, he told European leaders that Russia, Germany and France should create a "political triangle" and a Europe independent of Washington.

During a visit by Prime Minister Ryutaro Hashimoto, Mr. Yeltsin boasted of new, warm relations with Japan and put them in the context of competition with Washington. Mr. Yeltsin said he would telephone President Bill Clinton so that he would not "worry" about Moscow's new rapport with Tokyo.

In the Middle East, there are economic reasons for diverging from U.S. policy. Russia has long regarded Iraq as a potentially lucrative business partner and arms customer. UN sanctions, in place since Iraq's invasion of Kuwait in 1990 — though its occupation of Kuwait impeded that relationship and made it impossible for Russia to collect as much as \$10 billion owed by Baghdad in debts dating to the Soviet era — which also ended in 1991.

Russia is also eager to do business with Iran, another country blacklisted by the United States. Moscow hopes to supply Tehran with technology for large industrial projects and for oil exploitation.

So far, however, the economic stakes in keeping good relations with Washington appear to outweigh such dealings. The United States is a potential source of high technology and investments. Expectations of loans from the World Bank and help from the International Monetary Fund also depend on good relations with Washington, Russian observers contend.

Good relations with the United States have become a gauge of the strength of economic reform in Russia. As Russia is perceived to be Westernizing in the United States' image, some foreigners and Russians see reforms progressing. Many regarded Russia's acquiescence to NATO expansion as a symptom that Russia can only go so far in opposing the United States.

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Congratulations to the following winners of the IHT's Landmark Competition, celebrating the 110th anniversary of the newspaper:

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FOR PEANUTS By Christopher Hurt and Derek Tague

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EGYPTIAN BUSINESS COMMUNITY SPEAKS TO THE WORLD

The Business community of Egypt, represented by all of the businessmen's associations, the federation and the chambers of commerce, the federation and chambers of industry and all of the Non-Governmental organizations are outraged by the recent murderous incident in Luxor. We grieve deeply with the families of the victims and we share with them their immense sorrow and loss. For it has come to be that their loss is a loss to all Egyptians, a deep wound that we will have to heal together.

The people of Egypt have always maintained a heritage of love, peace and civilization to mankind and we are determined to continue to do so.

The private sector of Egypt that we represent, in industry, in trade, in agriculture and most of all in tourism, has strengthened its resolve to forge forward in the development of our country. Our faith in our institutions is unchanged, our support is unwavering and we will maintain our investment plans unchanged. Our factories will expand, we will produce more, export more and bring to the people of Egypt the prosperity that they deserve. We are determined not to let small bands of criminals divert us from our goal of prosperity. We pledge our firm support to our leadership and Government as they continue to implement the program of reform and change that is currently under way in our drive towards progress and growth that would benefit each and every Egyptian.

Egypt has come a long way in its reforms, it has built an economy that can grow and prosper. It has restored its financial balances and freed its institutions from the shackles of the past. These are achievements we intend to preserve at any cost. The resources of the Egyptian private sector that we represent are pledged to protecting these successes. This is a day of national resolve. We ask the international financial community to join us in our stand against the powers of darkness, and ignorance, and to join us to forge ahead in the prosperity of our country.

Terrorism, is a sad phenomenon of our times. It knows no boundaries, no country, no culture, and no limit. It is indiscriminate in its evil and destruction. It is a scourge that we have to deal with together as one. One humanity, one community united in its determination to live in peace and harmony.

THE FEDERATION OF EGYPTIAN INDUSTRIES

Monopolist? Microsoft's Chief Scoffs

By Elizabeth Corcoran
Washington Post Service

REDMOND, Washington — Bill Gates slouches on the sofa in his office and listens intently to the question. There is silence. His brow furrows. He fidgets. He rocks. He scowls.

"That's the most..." He catches himself, but according to a colleague he was about to utter the classic Gates put-down: "That's the most random thing I've ever heard."

Mr. Gates, chairman of Microsoft Corp., may be one of the most powerful men in the world. But he is not a contented chief executive. In a recent interview at the company's corporate headquarters here, he railed against those who see Microsoft as anything but the guys in the white hats.

There are plenty of targets for his anger these days. The Justice Department is bailing his company into court. Ralph Nader, longtime representative for consumers, is badgering Microsoft about its dominance of the software market. His competitors in Silicon Valley continue to vex him, like invisible stinging gnats. In each case, Mr. Gates takes their complaints against the company personally.

"If you had to pick a part of the economy about which you could say, hey, this part is working well, you'd have to pick software and the way software prices have come down," he said, rocking back and forth on his office sofa.

"Name another place where the prices keep coming down while the products improve. Just look at the amount of R&D you get for your software dollar now versus three years ago, six years ago, nine years ago. It's wild."

Mr. Gates was unwilling to discuss the Justice Department's complaints directly in the interview last week that had been arranged long before the government's complaints. What came through, however, was his frustration. Why, after all that Microsoft has done to help unleash the power of personal computers, is his company under fire?

"What is the most pro-competitive thing that's ever happened in the economy?" he demanded. "Personal computers connected to the Internet, by far." Microsoft has helped that happen,



Bill Gates, the Microsoft chairman, talking about new products at a computer trade show in Las Vegas.

Mr. Gates said. And if his competitors don't like it, he suggested, then they should fight him in the marketplace.

Since Mr. Gates and a high school buddy, Paul Allen, founded Microsoft in 1975, it has grown into one of the most influential companies in the world. Microsoft's revenue for fiscal 1997 was \$11.36 billion, but to Mr. Gates, the company is still a feisty start-up, poised to do battle against legions of giants.

"The culture of this company is that it feels like the competition is always on its tail," said Mike Murray, vice president for human resources and administration. "Most of us refuse to admit we have size" and market clout, he said.

"We want to be like, a small company."

The Justice Department took legal action last month against Microsoft, contending it had violated the terms of a 1995 consent decree by using its market clout in operating-system software to bolster the acceptance of its Internet "browser" software. Microsoft has countered that it is simply improving its products and giving consumers more value for their money.

The two sides are scheduled to appear before a federal judge Dec. 5.

To Mr. Gates, Microsoft's mission is to remain a software company and to keep improving its core product, the Windows operating system, by adding new features such as the Internet browser. Every time it has done so, competitors have complained. But that is the price of progress, he suggested.

Recalling when Microsoft's operating system did not use graphics, Mr. Gates said: "Now you could say, why don't I freeze the operating system and not ever put a graphical interface in? Wouldn't that be more fun for the competitors? And, yes, if the goal is — at the cost of innovation — to help competitors, yes, there's lots of ways to rig the game."

Economists worry about monopolies for a simple reason. When a company has a lock on a market, it usually turns lazy and complacent. Eventually, the monopolist introduces fewer innovations and raises prices, largely because it does not worry that such changes will cost it many customers.

By that measure, Mr. Gates asks, how can anyone imagine that Microsoft is a monopolist?

"Why do we keep the price of Windows as low as we do?" he asked rhetorically. If, he went on, "an economist thought, 'Oh, this is a product without competition,' and computed what the price would be, they'd get a number five to 10 times higher than what it actually is."

"Because it is a competitive area,"

he added. His competitors see it differently. Scott McNealy, chief executive of Sun Microsystems Inc., contends that the spreading influence of Microsoft's family of operating systems winds up meaning there is less choice for consumers.

Mr. Gates dismisses such criticisms. "Why don't I raise the price of Windows?" he asked. "Are you really telling me I'm dumb? Why not raise prices? Because it's competitive in the long run Windows would be wiped out. That's why."

"I'm either a bad business person or I'm right about the fact that there's lots of competition that could wipe out Windows. Those are the only two choices you have."

development of Windows 95 that said: "We do not currently plan on including any other client software, especially something like Mosaic."

Mosaic was an early type of browser software that Microsoft licensed in January 1995.

Another e-mail message obtained by the department said that a browser was "stuff you need to obtain from 3rd parties."

The department also cited e-mail between two top executives in December 1996 that called Internet Explorer "just an add-on to Windows."

Microsoft, however, contends that Internet Explorer was in the first versions of Windows 95 shipped to computer makers.

The agreement with the government "only deals with the licensing of our software to computer manufacturers," Mark Murray, a Microsoft spokesman, said. "It does not deal with retail sales."

U.S. Presents Microsoft E-Mail as Evidence

Washington Post Service

WASHINGTON — The Justice Department has said Microsoft Corp. is trying to rewrite history by claiming that it long intended for its Internet browsing software to be integrated with its popular Windows 95 computer operating system.

The department, which last month asked that Microsoft be held in contempt of court for violating a 1995 agreement with the government, also urged the federal judge deciding the matter to issue a decision quickly.

The department has accused Microsoft of forcing its Internet Explorer browser on personal computer makers as a condition of getting Windows. Microsoft asserts that the products are integrated and should be distributed together.

The department presented as evidence late Thursday a June 1994 electronic-mail memorandum from a Microsoft executive discussing the

development of Windows 95 that said: "We do not currently plan on including any other client software, especially something like Mosaic."

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development of Windows 95 that said: "We do not currently plan on including any other client software, especially something like Mosaic."

29 Industrial Nations Agree to Ban Bribery Of Foreign Officials

By Edmund L. Andrews
New York Times Service

FRANKFURT — The world's industrialized countries formally agreed Friday to a treaty that would outlaw the bribing of foreign government officials.

The treaty, negotiated in Paris by the 29 countries that belong to the Organization for Economic Cooperation and Development, marks a victory for the United States, which outlawed foreign bribery 20 years ago but until now had never persuaded governments in Europe and Japan to follow suit.

U.S. companies have complained for years that they lose billions of dollars in contracts every year to rivals that bribe their way to success.

Until recently, most other industrial countries had discreetly balked at outlawing foreign bribery — some had even permitted corporations to take a tax deduction for it — arguing that corrupt government officials were an unsavory but unavoidable fixture of doing international business.

The treaty was reached only after long and prickly negotiations over the legal niceties of a black art.

Last May, the OECD countries agreed in principle to a bribery ban. Since then the countries have been defining precisely what kind of government officials should be covered.

The treaty's central provisions would, for the first time, force countries to prosecute corporations for paying bribes to foreign government officials in the same way that bribery of their own officials is illegal.

It would also outlaw most payments to members of parliaments, something that Germany, Austria and Finland resisted because it went beyond the laws in their own countries. In Germany, for example, it is permissible to make payments to members of Parliament so long as the money is not directly tied to a vote.

The OECD has no powers to ensure compliance with the treaty. However, signatories are to monitor themselves, as well as each other, to ensure that sanctions against bribery imposed by each country are sufficient.

Advocates of tough anti-bribery measures cautioned that the new treaty could prove a disappointment.

For one thing, it would not outlaw most payments to political party leaders, even though party politicians are often central decision-makers about government policy or simply proxies for government officials.

The treaty is also narrower than the United States originally proposed when negotiations began more than a year ago. From the start, the United States wanted governments to embrace a detailed set of practical recommendations that would make bribery more difficult to disguise on corporate books and more costly if discovered.

The treaty hammered out in the early hours of Friday focuses on defining crimes while merely referring to an array of measures that governments may "consider" in policing bribery.

One possibility is that a company found guilty of paying a bribe might be excluded from bidding on contracts awarded by its own government.

"Everyone should recognize that this is only one tool in a whole tool kit of measures to deal with corruption," said Peter Eigen, chairman of Transparency International, a nonprofit organization in Berlin that is supported by multinational corporations and has lobbied for the strictest possible measures.

"We are afraid that countries will say they have agreed to the criminal measures and then leave the matter at that," Mr. Eigen said.

Nevertheless, even skeptics said the treaty marked a breakthrough.

Once it is ratified by individual governments, it will become a legally binding agreement. The nations have agreed to present it to their parliaments for a vote by April and hope to change their laws so that it will be effective by the end of 1998.

"This is the most important anti-corruption initiative yet that is directed at the supply side of corruption," said Fritz Heimann, counselor to General Electric Corp. of the United States and head of Transparency International's American chapter. He said the treaty grows out of America's experience with the Foreign Corrupt Practices Act, which was passed in 1977.

For their part, business executives say the new treaty reflects growing support for anti-bribery initiatives among corporations in Europe and Japan that have openly opposed the idea.

ECONOMIC SCENE

As APEC Opens, the Mood Is of Resistance

By Brian Knowlton
International Herald Tribune

WASHINGTON — The leaders of the Pacific Rim gather this weekend for their yearly APEC summit meeting at a particularly difficult time, with several member economies in dire straits or headed that way, making trade liberalization dicey, analysts say.

And the leader of the biggest and strongest economy, President Bill Clinton, will be arriving in Vancouver for the summit of the Asia-Pacific Economic Cooperation forum without full bragging rights. Congress refused to grant him "fast-track" authority, which would have allowed Mr. Clinton to negotiate international trade agreements that Congress could then approve or block, but not alter.

Mr. Clinton comes to Vancouver "seen as someone who does not have the power to command political results out of the U.S. government," said Brian Job, director of the Institute of International Relations at the University of British Columbia. "Some already refer to his lame-duckness."

Fears raised by the recent currency crises in Southeast Asia have left many of the region's leaders loathe to proceed too vigorously with the sort of liberalization that is APEC's life blood,

economists and executives say.

Susan Corrales-Diaz, president of Systems Integrated Inc., has met this year with other APEC business leaders as part of the forum's business advisory council. She encountered "a great deal of reluctance with regard to further liberalization," she said. "It was quite an uphill battle."

President Bill Clinton's setback in Congress on "fast-track" authority may be offset by the booming health of the U.S. economy and the sudden need of other member nations for multilateral support.

She and others see the goals set by the 18 APEC member countries — moving to free and open trade in the region by 2010 for developed economies and 2020 for developing economies — as presenting a particularly arduous challenge. Its potential importance is great, however. APEC countries represent half the world's trade and include three of its largest economies: the United States, Japan and China.

"The first reaction to turmoil," said Robert Denham, chairman and CEO of Salomon Inc., who is also on the business council, "is often to be-

come more cautious. That's exactly the wrong reaction. The right reaction is to recognize that the conditions of the last couple of months make change all the more critical."

A big jump in the U.S. trade deficit reported this week will nonetheless add to the pressure on Pacific Rim leaders at their meetings Monday and

Tuesday to make some effort to confront the crisis.

APEC, like any big international grouping that operates largely on consensus, moves slowly. Much of its agenda was hammered out months before the turmoil that hit Indonesia, Thailand and Malaysia and now appears headed for South Korea.

Much of the work done in Vancouver between now and the final communiqué on Tuesday will be in narrow, unexciting areas.

Candidates for agreements this year include the chemical sector, forestry, medical equipment, environ-

mental services and toys. Probably one of two will be agreed on. Officials also expect a plan on global electronic commerce to be hammered out.

Bigger, more far-ranging issues — such as what to do to secure the region against future currency shocks, or even discussions of global warming — will largely be limited to informal discussions among the leaders.

But John Wolf, U.S. coordinator for APEC, insisted that this meeting would be "something different from the four previous leaders' meetings."

"APEC leaders will have to deal with today's immediate problems," he said, "issues that are related to how the region's economies can adjust to their recent economic difficulties, how they can pursue reform where it is necessary, how we can cooperate and coordinate internationally to help that process, to restore stability to the region, and to try to ward off future such episodes."

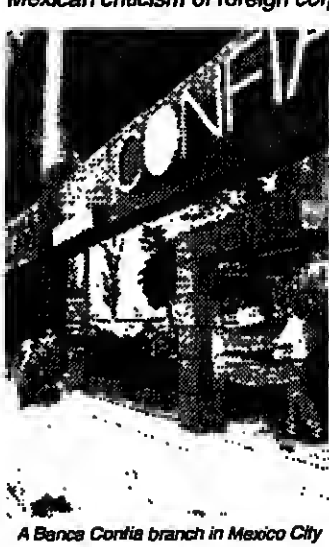
How badly is Mr. Clinton hobbled by the defeat of the fast-track legislation?

Kenneth Flamm, a senior fellow at the Brookings Institution, who is co-author of a recent study on APEC, played down the fast-track issue.

See APEC, Page 15

Good on Paper, Bad for Its Image

In August, when Citibank agreed to buy a high-profile Mexican bank from Jorge Lankenau Rocha, it looked like a good deal. It still may be, but in the months since the acquisition of Banca Confia was announced, it has become a major headache for Citibank and its Mexican director, Julio de Quesada. Lankenau has been arrested and charged with fraud, and the deal has become a lightning rod for Mexican criticism of foreign corporate ownership.



A Banca Confia branch in Mexico City.

FEBRUARY 1997 Faced with mounting financial problems, Lankenau asks Citibank to buy his bank.

APRIL Banca Confia's capital reserves fall below regulatory requirements. The government joins negotiations to sell the bank.

JULY The government says it favors a sale to Citibank.

AUG 25 Some clients of Lankenau's brokerage firm accuse him of fraud.

AUG 27 Citibank announces a deal to buy Banca Confia for \$45 million and to provide an additional \$175 million in capital. The government agrees to assume

responsibility for the bad loan portfolio, estimated at \$1 billion.

AUG 29 Lankenau is placed under house arrest.

SEPTEMBER To counter the bad publicity, Citibank starts an ad campaign that boasts of its purchase of the bank.

OCT. 25 Lankenau escapes.

OCT. 28 Lankenau turns himself in.

NOV. 17 Lankenau is charged with 12 criminal counts and jailed. Citibank cancels its "Good News" ad campaign.

DECEMBER Tentative closing date for Citibank's purchase of Banca Confia.

Citibank's Mexican Imbrolio

Deal Shows Perils and Opportunities of New Markets

By Julia Preston
New York Times Service

MEXICO CITY — Julio de Quesada, the head of Citibank's operations in Mexico, did not know that the chairman of a Mexican bank he was negotiating to buy had installed a secret door and an underground tunnel in a palatial mansion in northern Mexico.

Mr. de Quesada never guessed that the Mexican banker, Jorge Lankenau Rocha, would one day admit to the police that he had used the tunnel to escape from 20 rifle-toting officers surrounding the estate.

But what he did discover just as he thought he was about to successfully conclude his pursuit of Mr. Lankenau's company, Banca Confia, was that Mexican prosecutors were accusing Mr. Lankenau of fraud and malfeasance in his financial empire amounting to \$350 million.

Nevertheless, Citibank went ahead. Just days later, on Aug. 27, it agreed to pay \$45 million for Confia and to inject as much as \$175 million in capital into the bank.

An obvious question is why Citibank, whose parent, Citicorp, has assets of more than \$300 billion and tentacles in almost every country in the world, would want to link up with a Mexican bank whose chairman was in so much hot water.

The answer is that it saw its chance to get into street-corner banking in Mexico, a long-standing goal, and to do it with generous help from a government bailout of the country's ailing banking system. Mexico agreed to back all of Confia's bad loans, a commitment that will cost at least \$1 billion in public money.

For all its troubles, which also include signs

of mismanagement, Confia is a plum for Citibank. It has 200 branches throughout the country and a reputation for service that is rare in Mexico.

The acquisition also fits in with Citibank's desire to become a bank to the world's rising middle class. That strategy, in which the most global bank in the United States often finds the greatest opportunity in the least appetizing circumstances, emerged again this week in Thailand when it was reported that Citibank was looking at First Bangkok City Bank PCL.

Mr. Lankenau, who was put under house arrest in late August, slipped through his secret door and tunnel in October and spent four days on the loose before turning himself in. On Monday, he was finally jailed on 12 criminal charges including racketeering.

"The only association I ever formed was a financial group designed to provide banking services to the public," Mr. Lankenau testified in court this week after pleading not guilty to the charges. "I insist that association had and continues to have a completely legal purpose."

Meanwhile, though, a barrage of news in Mexico about Mr. Lankenau's travails threw an unwelcome light on Citibank's takeover and has helped make it something of a referendum for many debt-weary Mexicans on the government's efforts to jump-start failing banks and revive an entire industry.

While similar bank-rescue operations have been carried out in the United States and Europe, the program here is losing support because many Mexicans say it benefits few people other than local bankers such as Mr.

See CITIBANK, Page 15

CURRENCY & INTEREST RATES

Nov. 21										Nov. 21									
Cross Rates										Lihid-Liquid Rates									
	\$	£	D.M.	F.R.	Y.F.	B.R.	H.F.	S.F.	Th	Ci	Pu	Debit	D-Mark	Swiss	French	French	Yen	ECU	
Australia	1.505	2.255	1.317	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Canada	1.35	2.025	1.267	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
France	1.24	1.945	1.245	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Germany	1.66	2.49	1.66	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Japan	109.00	163.50	109.00	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
UK	1.64	2.46	1.64	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Switzerland	1.48	2.22	1.48	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Italy	1.36	2.04	1.36	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Spain	1.66	2.49	1.66	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Sweden	8.46	12.70	8.46	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Norway	4.76	7.14	4.76	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Denmark	6.46	9.70	6.46	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Netherlands	2.20	3.30	2.20	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Belgium	36.36	54.54	36.36	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Greece	340.75	511.13	340.75	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Portugal	200.48	300.72	200.48	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
South Africa	13.76	20.64	13.76	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
South Korea	178.90	268.35	178.90	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
China	8.27	12.41	8.27	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
New York (B)																			
Paris	1.385	2.078	1.385	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Tokyo	109.00	163.50	109.00	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
Zurich	1.48	2.22	1.48	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
London	1.64	2.46	1.64	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
ECU	1.10	1.65	1.10	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
1 month	1.00	1.00	1.00	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
1 year	1.00	1.00	1.00	8.254	0.15		5.455	1.324	1.955	1.71	1.336	1-month	51.00	51.00	77.00	77.00	16.40	16.40	
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1 year	1.00	1.00	1.00	8.254															

EUROPE

Metalgesellschaft Considers a Dividend

Compiled by Our Staff From Dispatches

FRANKFURT — Metalgesellschaft AG, the metals and engineering company that nearly went bankrupt three years ago after disastrous losses in oil futures trading, said Friday it may pay its first dividend since fiscal 1992.

The company said a dividend was "possible" as it reported a 10 percent increase in pretax profit for the year that ended Sept. 30, to more than 320 million Deutsche marks (\$183.8 million) from 292 million DM in 1996. Sales rose for the first time since 1993, reaching 18 billion DM, compared with 16 billion DM the previous year.

But the results disappointed analysts, who were looking for more after the company reported a 50 percent profit increase in the first half. The company, which will release more details of its results in February, did not break out second-half figures.

"Sales growth was higher than profit growth, so margins can't be very good," said Hans Peter Wodnick, an analyst at Credit Lyonnais. "I don't see any indications that dramatic growth is ahead."

Once Germany's 14th-largest industrial group, with more than 60,000 employees, Metalgesellschaft has struggled to reinvent itself after a risky expansion into oil derivatives trading and a plunge in metal prices.

led to two brushes with liquidation and more than 4 billion DM in losses in its 1993 and 1994 financial years.

As of Sept. 30, Metalgesellschaft employed 24,000 workers, having sold a series of businesses in 1994 after its brush with bankruptcy.

Metalgesellschaft was able to lift profit for the latest year by slashing its debt to about 300 million DM from 820 million DM the year before.

Growth overseas and consolidation also helped its plant-construction and chemicals units show record profit. Its building-technology and trading businesses also showed gains. Metalgesellschaft did not break out profit figures.

The company said it expected

both earnings and sales to improve in fiscal 1998 as it expanded abroad.

Shares in Metalgesellschaft closed at 35.30 DM, up 0.70.

The general trend is still positive, even if the profit increase isn't quite as high as 1 expected," said Christian Obst, an analyst at Bayerische Vereinsbank AG in Munich, who had expected pretax profit to rise to 360 million DM.

Metalgesellschaft attributed slower second-half growth partly to engineering orders that were not completed before the end of the financial year. Analysts said reorganization costs in its trading division also slowed growth.

(Bloomberg, Reuters)

Germany Hits 8-Year High in Trade Surplus

Bloomberg News

FRANKFURT — The merchandise trade surplus rose in September to the highest level since before Germany was reunified, data released Friday showed, as exports surged.

The surplus widened to 14.8 billion Deutsche marks (\$8.5 billion) from 8.6 billion DM in August. It was the largest figure recorded since 1989, the year the Berlin Wall fell.

The report confirmed that export growth was continuing after the surplus narrowed in August, mostly because many German workers and companies were taking their summer vacations.

In the first nine months of the year, the trade surplus was 93.9 billion DM, close to the 98.6 billion DM recorded for all of 1996, the statistics office said.

"Exports will remain strong, and imports will grow at a slower rate," Ulrich Joehle, an economist at DGB Bank, said. "Domestic demand and consumer spending is weak."

Also in September, Germany's current account moved to a surplus of 2.7 billion DM from a deficit of 5.0 billion DM in August.

Exports rose to 78.5 billion DM in September from 65.9 billion in August and advanced 23.1 percent from a year earlier. The year-on-year increase "underlines once again the importance of overseas demand to economic growth," said Alois Correll, an economist at PaineWebber International in London.

Imports will probably grow at a faster rate next year as the domestic economy picks up, analysts said. Fragile consumer demand amid Germany's 11.8 percent unemployment has been holding down import growth. Imports rose to 63.7 billion DM in September from 57.3 billion DM in August and advanced 15.2 percent from a year earlier.

UBS Discloses Deal, But Not the Big One

Reuters

ZURICH — Union Bank of Switzerland gave an upbeat forecast Friday for results this year but disappointed some traders and investors by failing to announce a long-rumored takeover deal.

UBS also revealed for the first time how much money it lost in a tangle with equity derivatives this year that cost the jobs of a department head and three traders this week.

On acquisitions, the bank said it would buy the French asset manager Alfi Gestion from the company's current management and Natexis SA of Paris for 358 million French francs (\$61.7 million).

But after weeks of persistent rumors that UBS was after a big fish, — set off by the bank's own statements early this year that it wanted to buy an asset-management company in the United States — traders shrugged off the deal as insignificant.

"We had expected something on LGT, and there was all this talk of Merrill Lynch, and then they go and buy a French bank," a disappointed trader said.

Liechtenstein-based LGT has said it is selling its global asset-management business, which has \$65 billion in client funds, to concentrate on private banking. Alfi Gestion, which has around 80 employees, manages assets of approximately 30 billion French francs for companies and other institutional clients, UBS said. UBS's chief executive, Mathis Cahillavetta, said the bank had been frustrated in its quest for a big takeover in asset management and private banking services.

Mr. Cahillavetta also forecast that UBS would post a 1997 group net profit of about 3.2 billion Swiss francs (\$2.3 billion), UBS said a 1996 loss of 348 million francs after provisions for loan losses and restructuring charges.

UBS also predicted that its group net profit would reach 4.8 billion francs in 2001, and it put its loss on equity derivatives in the first half of 1997 at 200 million francs.



Prospective European Bank Heads Get Together

Wim Duisenberg, left, president of the European Monetary Institute, making a point to Jean-Claude Trichet, governor of the Bank of France, at the European Banking Congress in Frankfurt on Friday. Both men are candidates to head the planned European central bank.

Taxpayers May Face Heftier Bill for Credit Lyonnais

Reuters

BRUSSELS — The bailout of Credit Lyonnais SA may end up costing French taxpayers more than 150 billion francs (\$25.7 billion), the European Union's competition commissioner said Friday.

The estimate came only a month after the commissioner, Karel van Miert, put the figure at more than 100 billion francs.

"I'm still stunned by the extent of the disaster," he said in an interview on the French television channel TF1.

The higher-than-expected estimate increased the likelihood that the European Commission would make tough demands in return for approving a third rescue plan for what was once the world's largest bank outside Japan.

Mr. Van Miert has warned in recent months that Credit Lyonnais would be asked to reduce its presence further outside France, but that it would also have to make sacrifices in the French market where the rival

banks Societe Generale SA and Banque Nationale de Paris SA have cried foul.

Mr. Van Miert also hinted that Credit Lyonnais's German subsidiary, Bank fuer Gemeinwirtschaft, previously spared because its disposal would result in a capital loss, would probably have to go this time.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
4500	5500	9100
4000	5000	8000
3500	4500	7000
3000	4000	6000
2500	3500	5000
2000	3000	4000
1500	2500	3000
1000	2000	2000
500	1500	1000
0	1000	500

Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	AEX	886.61	884.90	+1.55
Brussels	BEL-20	2,419.41	2,399.60	+0.99
Frankfurt	DAX	3,959.69	3,915.94	+1.12
Copenhagen	Stock Market	638.56	628.21	+1.50
Helsinki	HEX General	3,561.38	3,497.70	+1.82
Oslo	OBX	678.01	677.33	+0.10
London	FTSE 100	4,885.80	4,806.40	+1.58
Madrid	Stock Exchange	595.99	591.01	+0.84
Milan	MIBTEL	15362	15296	+0.37
Paris	CAC 40	2,861.70	2,821.19	+1.43
Stockholm	SX 16	3,331.80	3,263.71	+2.09
Vienna	ATX	1,291.02	1,278.11	+1.77
Zurich	SMI	3,611.30	3,572.57	+1.08

Very briefly:

- Promodes SA, a French retailer, abandoned its bid for Rallye SA after getting only 10 percent of the company's shares in a tender offer. French market authorities said Promodes said it would continue its bid for Casino Guichard-Perrachon SA, another food retailer, which is more than 47 percent owned by Rallye.
- Deutsche Bank AG's chief executive, Rolf Breuer, said the bank was not interested in buying Banque Nationale de Paris SA. The denial came after Mr. Breuer indicated in an interview this week that Germany's largest bank was studying opportunities for expansion in France.
- France's index of manufacturing production, which excludes output from the energy, food and construction industries, declined 1 percent in September from July and August, said the French national statistics agency, INSEE.
- National Bank of Greece SA said the government sold 1.6 million shares, or a 7.1 percent stake, to Merrill Lynch & Co. SBC-Warburg and Hong Kong Shanghai Banking Corp. for 42 billion drachmas (\$154.8 million).
- Switzerland's economy will grow 2.2 percent in 1998 after expanding 0.6 percent this year, Swiss Bank Corp. forecast, saying a weaker Swiss franc would bolster exports and economic growth to levels not seen for years.
- Munich prosecutors have broadened their tax-evasion investigation of the Bavarian media mogul Leo Kirch, questioning additional potential witnesses.
- Dassault Aviation SA's chief executive, Serge Dassault, said he did not think a link between Dassault and Aerospaceale was necessary, dealing a blow to French government plans to forge closer ties between the two airplane makers.
- Suez Lyonnaise des Eaux SA said it would spend up to 2 billion francs (\$343 million) in the next five years to upgrade its cable network, allowing it to offer telecommunications, digital television and Internet services.

WORLD STOCK MARKETS

Friday, Nov. 21
Prices in local currencies

High	Low	Close	Prev.
Amsterdam	AEX index: 886.61	886.61	884.90
Brussels	BEL-20	2,419.41	2,399.60
Frankfurt	DAX	3,959.69	3,915.94
Copenhagen	Stock Market	638.56	628.21
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Vienna	ATX	1,291.02	1,278.11
Zurich	SMI	3,611.30	3,572.57

NYSE

Friday's 4 P.M. Close

The 2,500 most traded stocks of the day.
Notation: prices not reflecting late trades elsewhere.
The Associated Press

12 Month High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Change
120	115	AA	1.2	15	115	110	112	-2
110	105	AB	1.1	14	105	100	102	-3
100	95	AC	1.0	13	95	90	92	-3
90	85	AD	0.9	12	85	80	82	-3
80	75	AE	0.8	11	75	70	72	-3
70	65	AF	0.7	10	65	60	62	-3
60	55	AG	0.6	9	55	50	52	-3
50	45	AH	0.5	8	45	40	42	-3
40	35	AI	0.4	7	35	30	32	-3
30	25	AJ	0.3	6	25	20	22	-3
20	15	AK	0.2	5	15	10	12	-3
10	5	AL	0.1	4	5	0	2	-3

12 Month High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Change
120	115	AM	1.2	15	115	110	112	-2
110	105	AN	1.1	14	105	100	102	-3
100	95	AO	1.0	13	95	90	92	-3
90	85	AP	0.9	12	85	80	82	-3
80	75	AQ	0.8	11	75	70	72	-3
70	65	AR	0.7	10	65	60	62	-3
60	55	AS	0.6	9	55	50	52	-3
50	45	AT	0.5	8	45	40	42	-3
40	35	AV	0.4	7	35	30	32	-3
30	25	AW	0.3	6	25	20	22	-3
20	15	AX	0.2	5	15	10	12	-3
10	5	AY	0.1	4	5	0	2	-3

12 Month High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Change
120	115	AZ	1.2	15	115	110	112	-2
110	105	BA	1.1	14	105	100	102	-3
100	95	BB	1.0	13	95	90	92	-3
90	85	BC	0.9	12	85	80	82	-3
80	75	BD	0.8	11	75	70	72	-3
70	65	BE	0.7	10	65	60	62	-3
60	55	BF	0.6	9	55	50	52	-3
50	45	BG	0.5	8	45	40	42	-3
40	35	BH	0.4	7	35	30	32	-3
30	25	BI	0.3	6	25	20	22	-3
20	15	BJ	0.2	5	15	10	12	-3
10	5	BK	0.1	4	5	0	2	-3

12 Month High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Change
120	115	BL	1.2	15	115	110	112	-2
110	105	BM	1.1	14	105	100	102	-3
100	95	BN	1.0	13	95	90	92	-3
90	85	BO	0.9	12	85	80	82	-3
80	75	BP	0.8	11	75	70	72	-3
70	65	BQ	0.7	10	65	60	62	-3
60	55	BR	0.6	9	55	50	52	-3
50	45	BS	0.5	8	45	40	42	-3
40	35	BT	0.4	7	35	30	32	-3
30	25	BU	0.3	6	25	20	22	-3
20	15	BV	0.2	5	15	10	12	-3
10	5	BW	0.1	4	5	0	2	-3

12 Month High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Change
120	115	BX	1.2	15	115	110	112	-2
110	105	BY	1.1	14	105	100	102	-3
100	95	BZ	1.0	13	95	90	92	-3
90	85	CA	0.9	12	85	80	82	-3
80	75	CB	0.8	11	75	70	72	-3
70	65	CC	0.7	10	65	60	62	-3
60	55	CD	0.6	9	55	50	52	-3
50	45	CE	0.5	8	45	40	42	-3
40	35	CF	0.4	7	35	30	32	-3
30	25	CG	0.3	6	25	20	22	-3
20	15	CH	0.2	5	15	10	12	-3
10	5	CI	0.1	4	5	0	2	-3

12 Month High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Change
120	115	CJ	1.2	15	115	110	112	-2
110	105	CK	1.1	14	105	100	102	-3
100	95	CL	1.0	13	95	90	92	-3
90	85	CM	0.9	12	85	80	82	-3
80	75	CN	0.8	11	75	70	72	-3
70	65	CO	0.7	10	65	60	62	-3
60	55	CP	0.6	9	55	50	52	-3
50	45	CQ	0.5	8	45	40	42	-3
40	35	CR	0.4	7	35	30	32	-3
30	25	CS	0.3	6	25	20	22	-3
20	15	CT	0.2	5	15	10	12	-3
10	5	CU	0.1	4	5	0	2	-3

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12 Month High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Change
120	115	CV	1.2	15	115	110	112	-2
110	105	CW	1.1	14	105	100	102	-3
100	95	CX	1.0	13	95	90	92	-3
90	85	CY	0.9	12	85	80	82	-3
80	75	CZ	0.8	11	75	70	72	-3
70	65	DA	0.7	10	65	60	62	-3
60	55	DB	0.6	9	55	50	52	-3
50	45	DC	0.5	8	45	40	42	-3
40	35	DD	0.4	7	35	30	32	-3
30	25	DE	0.3	6	25	20	22	-3
20	15	DF	0.2	5	15	10	12	-3
10	5	DG	0.1	4	5	0	2	-3

12 Month High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Change
120	115	DH	1.2	15	115	110	112	-2
110	105	DI	1.1	14	105	100	102	-3
100	95	DJ	1.0	13	95	90	92	-3
90	85	DK	0.9	12	85	80	82	-3
80	75	DL	0.8	11	75	70	72	-3
70	65	DM	0.7	10	65	60	62	-3
60	55	DN	0.6	9	55	50	52	-3
50	45	DO	0.5	8	45	40	42	-3
40	35	DP	0.4	7	35	30	32	-3
30	25	DQ	0.3	6	25	20	22	-3
20	15	DR	0.2	5	15	10	12	-3
10	5	DS	0.1	4	5	0	2	-3

12 Month High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Change
120	115	DT	1.2	15	115	110	112	-2
110	105	DU	1.1	14	105	100	102	-3
100	95	DV	1.0	13	95	90	92	-3
90	85	DW	0.9	12	85	80	82	-3
80	75	DX	0.8	11	75	70	72	-3
70	65	DY	0.7	10	65	60	62	-3
60	55	DZ	0.6	9	55	50	52	-3
50	45	EA	0.5	8	45	40	42	-3
40	35	EB	0.4	7	35	30	32	-3
30	25	EC	0.3	6	25	20	22	-3
20	15	ED	0.2	5	15	10	12	-3
10	5	EE	0.1	4	5	0	2	-3

12 Month High	Low	Stock	Div Yld	PE	100 High	Low	Latest	Change
120	115	EF	1.2	15	115	110	112	-2
110	105	EG	1.1	14	105	100	102	-3
100	95	EH	1.0	13	95	90	92	-3
90	85	EI	0.9	12	85	80	82	-3
80	75	EJ	0.8	11	75	70	72	-3
70	65	EK	0.7	10	65	60	62	-3
60	55	EL	0.6	9	55	50	52	-3
50	45	EM	0.5	8	45	40	42	-3
40	35	EN	0.4	7	35	30	32	-3
30	25	EO	0.3	6	25	20	22	-3
20	15	EP	0.2	5	15	10	12	-3
10	5	EQ	0.1	4	5	0	2	-3

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Asian Prepare

BANK: Market

PH: A Mount of Rain

Investing

Marshall

Continued on Page 16

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ASIA/PACIFIC

Hashimoto's Flip-Flops Yield a Plan for Japanese Banks

By Stephanie Strom
New York Times Service

TOKYO—First he flipped, then he flopped, then he flipped again. Prime Minister Ryutaro Hashimoto of Japan instructed his governing Liberal Democratic Party on Thursday to devise a plan for using public funds to bail out the country's shaky banking system.

His instructions were a 180-degree reversal of his position Wednesday, which in turn was a reversal of a comment he made Tuesday. At that time, he indicated his support for using taxpayer money to help the banks unload the trillions of yen in bad debts that they have carried since the bubble in the Japanese economy burst in the early 1990s.

"It's exactly what I would have hoped he would have done," Alicia Ogawa, a banking analyst at Salomon Brothers, said of the prime minister's latest position. "Maybe it's finally the beginning of the end."

Most analysts have not put a pre-

cise price tag on a bailout of a banking system that includes some of the world's largest financial institutions. The government estimates that the banks are saddled with bad debt worth some 20 trillion yen, about

NEWS ANALYSIS

\$157 billion, but analysts believe the number is higher because many institutions do not reflect the full extent of the problems on their books. The bailout could cost the government from a fourth to a third of the amount of the bad debt, once bank assets are sold off, one analyst said.

Mr. Hashimoto's third change of heart in as many days came after a chat he had Thursday morning with former Prime Minister Kiichi Miyazawa, who prodded him to find a way to inject public funds into the banking system before a meeting with President Bill Clinton scheduled for this weekend at the Asia-Pacific Economic Cooperation talks in Vancouver, British Columbia.

Earlier this week, the deputy secretary of the U.S. Treasury, Lawrence Summers, encouraged the Japanese government to consider using public funds to rid the banking system of its problems, stressing Tokyo's need to be a leader in an Asian financial system that has suddenly gone awry.

"It's not that the Asian problems are Japan's responsibility," Mr. Miyazawa said, "but since it's happening in this neighborhood, people, say in New York, are probably asking, 'What is Japan doing?' So it's better that Mr. Hashimoto should have something explicit to say in Vancouver."

Additionally, as currency values have crumbled across Asia this fall, the Japanese banks' exposure in the region has come under intense scrutiny, and now even the most sound institutions here are paying a premium to borrow short term.

The banks have been slow to acknowledge problem loans that have been on their books since the real

estate bubble burst in the early 1990s. Add the recent fall in Hong Kong property values, the devaluation of the Thai baht and the bankruptcy of several major South Korean corporations, and suddenly the problems seem overwhelming.

The domestic bad-debt problem alone, they could probably grow their way out of," said Ronald Bevacqua, an economist at Merrill Lynch & Co. here. "But every day, there's another problem."

The rescue plan that Mr. Miyazawa sketched out includes elements of the system that Washington used in the late 1980s to bail out the savings and loan industry through the Resolution Trust Corp. The government would help troubled banks dispose of their problem debts, close the weakest banks and inject capital into those banks best positioned to regain their footing.

If the plan is adopted, Tokyo would create a fund that would issue bonds and guarantee them against default, using some of the vast pool

of money that sits in Japan's postal savings system.

The money raised by selling the bonds would be used to protect depositors whose banks would be shut down. It would also be used to buy preferred shares or subordinated debt of banks that need capital but are basically sound or too big to fail.

Over time, the fund would produce the money to pay back the bonds by selling the assets of failed banks. Mr. Miyazawa said that the fund, which would probably be set up inside the Deposit Insurance Corp., could have a five-year life span, at the end of which the nation's banking problems would be resolved.

The use of public funds to bail out the banks is political dynamite here, where taxpayers have not forgotten the government's 685 billion yen bailout of housing lenders just two years ago.

Unlike Mr. Hashimoto, whose public standing is at a low, Mr. Miyazawa, a former Minister of Finance, has the experience and stature to speak plainly about the banking system's problems and why the public must help solve them.

It is going to be an expensive and painful task, however. For one thing, the Deposit Insurance Corp. is underfunded. Analysts estimate that it will spend more to shutter the Hokkaido Tokai Bank, which failed Monday, than the 460 billion yen the corporation will take in this year in premiums.

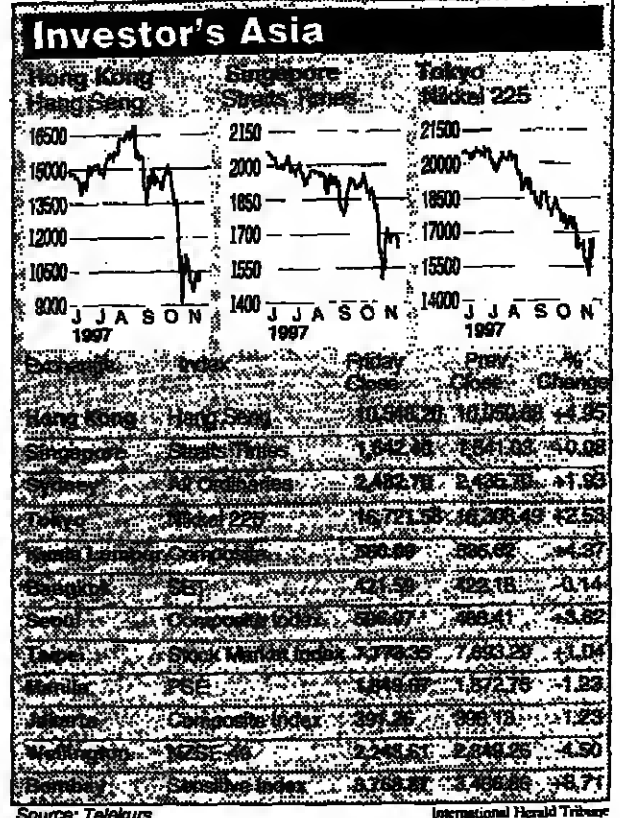
David Atkinson, an analyst at Goldman Sachs (Japan) Ltd., published a report Wednesday estimating that the government would have to inject 5.5 trillion yen, or about \$43 billion, into the banking system by March 1999 if the banks wrote off all their nonperforming loans, marked down the value of their stock portfolios to accurately reflect market prices and securitized as many assets as possible to offset the cost to the public.

In the worst case, Mr. Atkinson estimates, the cost of supporting the 20 largest banks would rise to 7.6 trillion yen if the Nikkei stock index fell to about 12,000 points from its current level of around 16,000.

Mr. Miyazawa said Thursday that even with the Nikkei at 16,000 points, the bad debts at several banks outweigh their assets.

More so than at their American counterparts, the financial strength of banks here depends on stock prices. That is because of the Japanese tradition of companies and banks holding shares in institutions with which they do business.

On Friday, the Nikkei closed at 16,721.58, up 2.53 percent.



Very briefly:

• **India Oil Corp.**, the country's biggest oil importer, said profit rose a less-than-expected 7 percent in the half-year ended Sept. 30 on strong sales and increased production at its refineries. Profit climbed to 9.04 billion rupees (\$251.1 million) from 8.44 billion rupees a year earlier.

• **Sumitomo Bank Ltd.** expects to dispose of 800 billion yen (\$6.34 billion) of problem loans in the year ending March 31, 1998. The bank said it would cut 1 trillion to 1.5 trillion yen from its risk-weighted assets in 1997-98.

• **Japan's prime minister**, Ryutaro Hashimoto, cleared a major obstacle to his goal of cutting state debt through fiscal austerity when a panel of the upper house of Parliament approved a bill aimed at reducing Japan's fiscal deficit to 3 percent or less of gross domestic product by March 2004 from 5.4 percent.

• **Siemens Ltd.**, the Indian unit of Siemens AG of Germany, had a net loss of 1.57 billion rupees in the 18 months ended Sept. 30. It is restructuring by cutting staff and reducing debt after expansion over the past five years into telephone equipment and other businesses led to ballooning losses.

• **Hong Kong banks**, in a sign of confidence that the local dollar and interbank interest rates had stabilized after recent turmoil, left deposit rates unchanged. On Oct. 24, Hong Kong banks raised retail deposit rates by 75 basis points, to 4.75 percent. Hongkong & Shanghai Banking Corp. said it had no plans to change mortgage rates in Hong Kong.

• **PSA Peugeot Citroën SA**, Europe's third-largest carmaker, wants to sell its stake in the Indian joint venture PAL Peugeot Ltd. to its Indian partner, Premier Automobile Ltd. The French carmaker said it believed the venture, created in 1994, could continue to be successful under the management of the Indian partner.

• **Malaysia** will allow offshore banks to invest in ringgit money market instruments, subject to a limit on the value of investment by each bank as of Jan. 1, the national news agency Bernama said, quoting a speech to be given by Finance Minister Anwar Ibrahim.

Malaysia Prepares Economic Remedy

Compiled by Our Staff From Dispatches

KUALA LUMPUR—Determined to tackle its economic problems without outside aid, Malaysia prepared Friday to set up a special council to address the impact of the financial turmoil sweeping Asia.

Prime Minister Mahathir bin Mohamad said the "national economic action council" proposed late Thursday would comprise economic ministers and representatives of the banking and finance sectors as well as of manufacturing.

The plan to set up the council next month was announced after an emergency meeting of the main party in the ruling coalition in response to an 11 percent plunge in share prices Thursday and a fresh decline by Malaysia's currency, the ringgit. Stocks recovered Friday, with Kuala Lumpur's composite index rising 23.47 points, or 4.37 percent, to 560.09, and the ringgit bounced back against the dollar.

In his strongest comments yet on the scale of the crisis, Mr. Mahathir drew a parallel to Malaysia's "emergency" period from 1948 to 1960, when the country was faced with a Communist insurgency, prompting food rationing and curfews.

"To overcome the economic problems, we will adopt a similar approach as we did during the emer-

gency even though we have not declared a state of emergency," the prime minister said.

Mr. Mahathir said the measures adopted by the council would be aimed at reducing waste, raising output and exports, cutting imports, improving the quality of local products and controlling inflation.

The government wants to bring back confidence to the economy, he said, "and hopes the currency and stock markets will return to a normal situation." But analysts said the council would have to act quickly.

"Things are moving fast," said Imran Lim, an investment analyst at the Institute of Strategic and In-

ternational Studies in Kuala Lumpur. "Any delay can be fatal. We have to swallow our pride to do the right thing."

Lim Kiat Siang, leader of the opposition Democratic Action Party, said the new council would not be effective unless the prime minister and the government "admit that the country's economic crisis has been severely compounded by many self-inflicted wounds."

Mr. Mahathir warned last month that Malaysia risked having external conditions imposed on its economy if it sought help from the International Monetary Fund.

(AFP, Reuters)

Prudential to Buy Lehman Units

Bloomberg News

HONG KONG—Lehman Brothers Holdings Inc. said Friday that it would sell its private-client businesses in Hong Kong, Singapore and London to Prudential Securities Group Inc. for an undisclosed price.

Lehman said it would also move its 10-person equity-derivatives operations in Hong Kong to Tokyo.

The company said the sale of the banking units reflected its intention to focus on higher-margin businesses, including investment banking, fixed-income and equities trading.

Action on Problems Helps Lift Asian Stocks

Compiled by Our Staff From Dispatches

HONG KONG—Stock markets across Asia rose Friday on signs that governments were taking steps to deal with their financial problems.

South Korea's appeal for help from the International Monetary Fund and Japan's decision to use public funds to bail out troubled banks raised investor confidence in the region, analysts said.

"We have seen a combination of positive events today," said Dennis Nolan, senior institutional sales

manager at NAVA SC Securities. "In particular, there is a general relief that Korea isn't going to go through the floor."

In Tokyo, the Nikkei 225-share index rose 413.09 points, or 2.53 percent, to close at 16,721.58, while in Seoul, the benchmark composite index rose 17.66 points, or 3.62 percent, to finish at 506.07.

Hong Kong stocks broke a three-day slump, with the Hang Seng index rising 497.52 points, or 4.95 percent, to close at 10,548.20 on

optimism that declining interest rates could stimulate the economy. Strong gains in U.S. stocks also helped cheer investors in Asia.

Stocks in Malaysia, which plunged 11 percent Thursday, also gained as the ringgit strengthened against the dollar. But analysts warned that Malaysia's gains were fragile.

"Many investors will simply sell into strength, as sentiment is still at a very low level," an analyst at a Malaysian brokerage said.

(Bloomberg, AFP, Reuters)

CITIBANK: Mexico Case Illustrates Perils and Opportunities

Continued from Page 11

Lankenau and deep-pocketed foreigners such as Citibank.

Confia's case hit a nerve because it was the first Mexican bank snapped up by a U.S. corporation after three others were bought by Canadian and Spanish banks. And it was not just any U.S. bank; it was Citibank, the financial conglomerate that Mexicans have loved and hated for decades.

The acquisition also coincided with a political shift in Mexico last summer, when opposition legislators, many inspired by protectionist ideas that prevailed a generation ago, took control of the lower house of the Congress

for the first time in decades.

"This deal is absolutely incomprehensible to me," said Ricardo Garcia Sainz, a new opposition lawmaker who is chairman of the budget committee. "I don't see why we have to spend \$1 billion of the Mexican people's money to clean up a bank so we can sell it to foreigners."

Criticism also came from the generally pro-business National Action Party, or PAN, one of the biggest opposition groups. "These shady bailouts are only awakening the mistrust of the people," said Rogelio Sada Zambrano, economic-policy coordinator for the PAN delegation.

Even Mexican bankers grumbled, although they wel-

comed Citibank's injection of capital into the system.

"The foreign banks are buying very healthy Mexican banks at very good prices because they get them with no bad assets," said Antonio del Valle, the chairman of Bital, a Mexican bank, and president of the Mexican Bankers Association. Mr. del Valle bought Bital from the government at top rates during boom times in 1992.

Mexican banks became vulnerable to takeovers after being crippled by bad management, soaring interest rates and loss-plagued loan portfolios in the wake of the peso collapse of 1994. Of 18 banks the government sold to Mexican buyers in the early 1990s, only eight remain in business and in Mexican hands today.

Many Mexican businessmen say they realize the government had no choice but to make huge investments—now estimated at \$47.5 billion over three decades—to preserve the country's financial system. They also understand that foreigners are helping to modernize the system. "The two things foreigners are

bringing in, capital and administration, are not available right now in Mexico," said Jonathan Heath, an economist here.

Moreover, many Mexicans remember with gratitude how Citibank, the longest-operating foreign bank here, hung in even after the turbulent nationalization of Mexican banks in 1982.

But the authorities have had a hard time explaining the bailout to working people, many of whom were ambushed by exploding debts after the peso collapsed.

Recently, Citibank's image here has been tarnished by Washington's investigation of the bank's handling of the accounts of Raul Salinas de Gortari, the wayward brother of the exiled former president. Moreover, U.S. prosecutors recently charged that middlemen for a Mexican narcotics cartel had used Citibank accounts to launder large amounts of money.

Mr. Lankenau made his name by making big profits as a stockbroker in the 1980s. He bought Confia from the government in 1991. But after the peso crisis, Confia's troubles deepened. By this year,

Mexican banking commission officials said, it was clear Mr. Lankenau was \$150 million short of the capital the government had ordered him to raise to save his bank.

In April, after more than a year of sporadic talks, Citibank made an offer that banking authorities liked. But when the bank's officials examined Confia's books, they found chaos. There were no clear standards for extending credit, collateral for loans had been artificially inflated, and other loans had no documentation.

As negotiations with Citibank neared a close, everybody involved could see that Mr. Lankenau was growing frantic about losing his investment in Confia, valued at tens of millions of dollars.

Even so, Citibank officials underestimated his desperation. Just days before Citibank was scheduled to announce its purchase, dozens of clients of Mr. Lankenau's brokerage firm, part of his financial group that also includes Confia, sued him for fraud. Soon the Mexican government brought 12 criminal charges that could put him in jail for five years or more.

Mexican officials said Mr. Lankenau did not appear to have wilfully embezzled

from his customers but rather grew reckless in his maneuvers to keep Confia and other holdings.

Mexican regulators and Citibank attorneys said there was little chance that Mr. Lankenau's legal troubles would have any effect on Citibank's purchase. Citibank, which is awaiting approval of the purchase by the Federal Reserve Board in Washington, said it would leave the bank under the Confia name and hoped to complete the deal this year.

Confia depositors, initially nervous, have been reassured by Citibank's arrival. Their deposits stabilized. Mr. de Quesada said he remained confident that Citibank's investment would be good for its business and for Mexico.

But Mexicans are clearly thinking twice about how far they want to go to be part of international corporations that minimize borders.

"Everybody has seen that globalization, whether they like it or not, is inevitable," said Mr. Heath, the economist. "Mexicans see foreign ownership of the banks as part of that process. At the same time, there is a fatigue syndrome setting in. There is starting to be a backlash."

APEC: A Mood of Resistance

Continued from Page 11

"Without it," Mr. Flamm said, "he can still negotiate deals. It's not helpful to not have fast-track, but it's not apocalyptic, either."

Perhaps more importantly, Mr. Job said: "The United States comes with what has to be seen as a very, very strong economy, performing as well as it has in decades. It doesn't have to take any particular criticism about managing its own economy."

In fact, because of America's economic health and the sudden need of other member nations for multilateral support, Charlene Barshefsky, the U.S. trade representative, said that the APEC meeting "is rather ideally timed."

"The global community does look to the United States for leadership," she said. "What will the Vancouver summit need to be declared a success?"

"If we see a commitment of APEC leaders to accelerate—to stay the course and accelerate the pace of liberalization, the removal of barriers to trade despite the turmoil," said Mr. Denham of Salomon Inc., "that would be a very good result."

APEC includes Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Taiwan, Thailand and the United States.

If you've missed the

Investing In Marseille

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Herald Tribune

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The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press

High	Low	Stock	Dr	Yd	FE	High	Low	Lat	Op
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NAME	RESIDENCE	DATE	TIME	REMARKS
JOHN A. BROWN	1234 Main St., N.Y.C.	10/15/1918	10:30 A.M.	Arrived from London via ship.
MRS. J. B. SMITH	456 Elm St., Phila.	10/15/1918	11:00 A.M.	Arrived from Paris via ship.
WILLIAM H. JONES	789 Oak St., Wash.	10/15/1918	11:30 A.M.	Arrived from Berlin via ship.
CHARLES E. DAVIS	101 Pine St., Balt.	10/15/1918	12:00 P.M.	Arrived from Rome via ship.
MRS. A. M. GARCIA	234 Cedar St., Chic.	10/15/1918	12:30 P.M.	Arrived from Madrid via ship.
JOHN F. MILLER	567 Birch St., Wash.	10/15/1918	1:00 P.M.	Arrived from Moscow via ship.
MRS. L. K. WILSON	890 Spruce St., N.Y.C.	10/15/1918	1:30 P.M.	Arrived from St. Petersburg via ship.
WILLIAM R. TAYLOR	123 Maple St., Phila.	10/15/1918	2:00 P.M.	Arrived from Constantinople via ship.
MRS. J. H. ANDERSON	456 Elm St., Balt.	10/15/1918	2:30 P.M.	Arrived from Sofia via ship.
JOHN D. WHITE	789 Oak St., Wash.	10/15/1918	3:00 P.M.	Arrived from Bucharest via ship.
MRS. E. F. HARRIS	101 Pine St., Chic.	10/15/1918	3:30 P.M.	Arrived from Belgrade via ship.
WILLIAM G. KING	234 Cedar St., N.Y.C.	10/15/1918	4:00 P.M.	Arrived from Zagreb via ship.
MRS. A. B. LEE	567 Birch St., Phila.	10/15/1918	4:30 P.M.	Arrived from Ljubljana via ship.
JOHN C. WALKER	890 Spruce St., Wash.	10/15/1918	5:00 P.M.	Arrived from Trieste via ship.
MRS. L. M. YOUNG	123 Maple St., Balt.	10/15/1918	5:30 P.M.	Arrived from Venice via ship.
WILLIAM H. ADAMS	456 Elm St., Chic.	10/15/1918	6:00 P.M.	Arrived from Genoa via ship.
MRS. J. K. BAKER	789 Oak St., N.Y.C.	10/15/1918	6:30 P.M.	Arrived from Livorno via ship.
JOHN E. NELSON	101 Pine St., Phila.	10/15/1918	7:00 P.M.	Arrived from Pisa via ship.
MRS. A. F. HENRY	234 Cedar St., Wash.	10/15/1918	7:30 P.M.	Arrived from Florence via ship.
WILLIAM R. GREEN	567 Birch St., Balt.	10/15/1918	8:00 P.M.	Arrived from Bologna via ship.
MRS. L. B. CLARK	890 Spruce St., Chic.	10/15/1918	8:30 P.M.	Arrived from Parma via ship.
JOHN D. ROBERTS	123 Maple St., N.Y.C.	10/15/1918	9:00 P.M.	Arrived from Modena via ship.
MRS. E. H. WATSON	456 Elm St., Phila.	10/15/1918	9:30 P.M.	Arrived from Reggio Emilia via ship.
WILLIAM G. PETERSON	789 Oak St., Wash.	10/15/1918	10:00 P.M.	Arrived from Ferrara via ship.
MRS. J. M. COLEMAN	101 Pine St., Balt.	10/15/1918	10:30 P.M.	Arrived from Ravenna via ship.
JOHN F. JAMES	234 Cedar St., Chic.	10/15/1918	11:00 P.M.	Arrived from Ancona via ship.
MRS. A. M. RICE	567 Birch St., N.Y.C.	10/15/1918	11:30 P.M.	Arrived from Pescara via ship.
WILLIAM H. CAMPBELL	890 Spruce St., Phila.	10/15/1918	12:00 A.M.	Arrived from Teramo via ship.
MRS. L. K. EVANS	123 Maple St., Wash.	10/15/1918	12:30 A.M.	Arrived from Ascoli Piceno via ship.
JOHN C. MORGAN	456 Elm St., Balt.	10/15/1918	1:00 A.M.	Arrived from Macerata via ship.
MRS. E. F. BROWN	789 Oak St., Chic.	10/15/1918	1:30 A.M.	Arrived from Fano via ship.
WILLIAM R. MILLER	101 Pine St., N.Y.C.	10/15/1918	2:00 A.M.	Arrived from Pesaro via ship.
MRS. J. H. WILSON	234 Cedar St., Phila.	10/15/1918	2:30 A.M.	Arrived from Senigallia via ship.
JOHN D. ANDERSON	567 Birch St., Wash.	10/15/1918	3:00 A.M.	Arrived from Fiume via ship.
MRS. A. B. HARRIS	890 Spruce St., Balt.	10/15/1918	3:30 A.M.	Arrived from Trieste via ship.
WILLIAM G. KING	123 Maple St., Chic.	10/15/1918	4:00 A.M.	Arrived from Venice via ship.
MRS. L. M. YOUNG	456 Elm St., N.Y.C.	10/15/1918	4:30 A.M.	Arrived from Livorno via ship.
JOHN F. JAMES	789 Oak St., Phila.	10/15/1918	5:00 A.M.	Arrived from Pisa via ship.
MRS. A. M. RICE	101 Pine St., Wash.	10/15/1918	5:30 A.M.	Arrived from Florence via ship.
WILLIAM H. CAMPBELL	234 Cedar St., Balt.	10/15/1918	6:00 A.M.	Arrived from Bologna via ship.
MRS. E. H. WATSON	567 Birch St., Chic.	10/15/1918	6:30 A.M.	Arrived from Parma via ship.
JOHN C. MORGAN	890 Spruce St., N.Y.C.	10/15/1918	7:00 A.M.	Arrived from Modena via ship.
MRS. E. F. BROWN	123 Maple St., Phila.	10/15/1918	7:30 A.M.	Arrived from Reggio Emilia via ship.
WILLIAM R. MILLER	456 Elm St., Wash.	10/15/1918	8:00 A.M.	Arrived from Ferrara via ship.
MRS. J. H. WILSON	789 Oak St., Balt.	10/15/1918	8:30 A.M.	Arrived from Ravenna via ship.
JOHN D. ANDERSON	101 Pine St., Chic.	10/15/1918	9:00 A.M.	Arrived from Ancona via ship.
MRS. A. B. HARRIS	234 Cedar St., N.Y.C.	10/15/1918	9:30 A.M.	Arrived from Pescara via ship.
WILLIAM G. KING	567 Birch St., Phila.	10/15/1918	10:00 A.M.	Arrived from Teramo via ship.
MRS. L. M. YOUNG	890 Spruce St., Wash.	10/15/1918	10:30 A.M.	Arrived from Ascoli Piceno via ship.
JOHN F. JAMES	123 Maple St., Balt.	10/15/1918	11:00 A.M.	Arrived from Macerata via ship.
MRS. A. M. RICE	456 Elm St., Chic.	10/15/1918	11:30 A.M.	Arrived from Fano via ship.
WILLIAM H. CAMPBELL	789 Oak St., N.Y.C.	10/15/1918	12:00 P.M.	Arrived from Pesaro via ship.
MRS. E. H. WATSON	101 Pine St., Phila.	10/15/1918	12:30 P.M.	Arrived from Senigallia via ship.
JOHN C. MORGAN	234 Cedar St., Wash.	10/15/1918	1:00 P.M.	Arrived from Fiume via ship.
MRS. E. F. BROWN	567 Birch St., Balt.	10/15/1918	1:30 P.M.	Arrived from Trieste via ship.
WILLIAM R. MILLER	890 Spruce St., Chic.	10/15/1918	2:00 P.M.	Arrived from Venice via ship.
MRS. J. H. WILSON	123 Maple St., N.Y.C.	10/15/1918	2:30 P.M.	Arrived from Livorno via ship.
JOHN D. ANDERSON	456 Elm St., Phila.	10/15/1918	3:00 P.M.	Arrived from Pisa via ship.
MRS. A. B. HARRIS	789 Oak St., Wash.	10/15/1918	3:30 P.M.	Arrived from Florence via ship.
WILLIAM G. KING	101 Pine St., Balt.	10/15/1918	4:00 P.M.	Arrived from Bologna via ship.
MRS. L. M. YOUNG	234 Cedar St., Chic.	10/15/1918	4:30 P.M.	Arrived from Parma via ship.
JOHN F. JAMES	567 Birch St., N.Y.C.	10/15/1918	5:00 P.M.	Arrived from Modena via ship.
MRS. A. M. RICE	890 Spruce St., Phila.	10/15/1918	5:30 P.M.	Arrived from Reggio Emilia via ship.
WILLIAM H. CAMPBELL	123 Maple St., Wash.	10/15/1918	6:00 P.M.	Arrived from Ferrara via ship.
MRS. E. H. WATSON	456 Elm St., Balt.	10/15/1918	6:30 P.M.	Arrived from Ravenna via ship.
JOHN C. MORGAN	789 Oak St., Chic.	10/15/1918	7:00 P.M.	Arrived from Ancona via ship.
MRS. E. F. BROWN	101 Pine St., N.Y.C.	10/15/1918	7:30 P.M.	Arrived from Pescara via ship.
WILLIAM R. MILLER	234 Cedar St., Phila.	10/15/1918	8:00 P.M.	Arrived from Teramo via ship.
MRS. J. H. WILSON	567 Birch St., Wash.	10/15/1918	8:30 P.M.	Arrived from Ascoli Piceno via ship.
JOHN D. ANDERSON	890 Spruce St., Balt.	10/15/1918	9:00 P.M.	Arrived from Macerata via ship.
MRS. A. B. HARRIS	123 Maple St., Chic.	10/15/1918	9:30 P.M.	Arrived from Fano via ship.
WILLIAM G. KING	456 Elm St., N.Y.C.	10/15/1918	10:00 P.M.	Arrived from Pesaro via ship.
MRS. L. M. YOUNG	789 Oak St., Phila.	10/15/1918	10:30 P.M.	Arrived from Senigallia via ship.
JOHN F. JAMES	101 Pine St., Wash.	10/15/1918	11:00 P.M.	Arrived from Fiume via ship.
MRS. A. M. RICE	234 Cedar St., Balt.	10/15/1918	11:30 P.M.	Arrived from Trieste via ship.
WILLIAM H. CAMPBELL	567 Birch St., Chic.	10/15/1918	12:00 A.M.	Arrived from Venice via ship.
MRS. E. H. WATSON	890 Spruce St., N.Y.C.	10/15/1918	12:30 A.M.	Arrived from Livorno via ship.
JOHN C. MORGAN	123 Maple St., Phila.	10/15/1918	1:00 A.M.	Arrived from Pisa via ship.
MRS. E. F. BROWN	456 Elm St., Wash.	10/15/1918	1:30 A.M.	Arrived from Florence via ship.
WILLIAM R. MILLER	789 Oak St., Balt.	10/15/1918	2:00 A.M.	Arrived from Bologna via ship.
MRS. J. H. WILSON	101 Pine St., Chic.	10/15/1918	2:30 A.M.	Arrived from Parma via ship.
JOHN D. ANDERSON	234 Cedar St., N.Y.C.	10/15/1918	3:00 A.M.	Arrived from Modena via ship.
MRS. A. B. HARRIS	567 Birch St., Phila.	10/15/1918	3:30 A.M.	Arrived from Reggio Emilia via ship.
WILLIAM G. KING	890 Spruce St., Wash.	10/15/1918	4:00 A.M.	Arrived from Ferrara via ship.
MRS. L. M. YOUNG	123 Maple St., Balt.	10/15/1918	4:30 A.M.	Arrived from Ravenna via ship.
JOHN F. JAMES	456 Elm St., Chic.	10/15/1918	5:00 A.M.	Arrived from Ancona via ship.
MRS. A. M. RICE	789 Oak St., N.Y.C.	10/15/1918	5:30 A.M.	Arrived from Pescara via ship.
WILLIAM H. CAMPBELL	101 Pine St., Phila.	10/15/1918	6:00 A.M.	Arrived from Teramo via ship.
MRS. E. H. WATSON	234 Cedar St., Wash.	10/15/1918	6:30 A.M.	Arrived from Ascoli Piceno via ship.
JOHN C. MORGAN	567 Birch St., Balt.	10/15/1918	7:00 A.M.	Arrived from Macerata via ship.
MRS. E. F. BROWN	890 Spruce St., Chic.	10/15/1918	7:30 A.M.	Arrived from Fano via ship.
WILLIAM R. MILLER	123 Maple St., N.Y.C.	10/15/1918	8:00 A.M.	Arrived from Pesaro via ship.
MRS. J. H. WILSON	456 Elm St., Phila.	10/15/1918	8:30 A.M.	Arrived from Senigallia via ship.
JOHN D. ANDERSON	789 Oak St., Wash.	10/15/1918	9:00 A.M.	Arrived from Fiume via ship.
MRS. A. B. HARRIS	101 Pine St., Balt.	10/15/1918	9:30 A.M.	Arrived from Trieste via ship.
WILLIAM G. KING	234 Cedar St., Chic.	10/15/1918	10:00 A.M.	Arrived from Venice via ship.
MRS. L. M. YOUNG	567 Birch St., N.Y.C.	10/15/1918	10:30 A.M.	Arrived from Livorno via ship.
JOHN F. JAMES	890 Spruce St., Phila.	10/15/1918	11:00 A.M.	Arrived from Pisa via ship.
MRS. A. M. RICE	123 Maple St., Wash.	10/15/1918	11:30 A.M.	Arrived from Florence via ship.
WILLIAM H. CAMPBELL	456 Elm St., Balt.	10/15/1918	12:00 P.M.	Arrived from Bologna via ship.
MRS. E. H. WATSON	789 Oak St., Chic.	10/15/1918	12:30 P.M.	Arrived from Parma via ship.
JOHN C. MORGAN	101 Pine St., N.Y.C.	10/15/1918	1:00 P.M.	Arrived from Modena via ship.
MRS. E. F. BROWN	234 Cedar St., Phila.	10/15/1918	1:30 P.M.	Arrived from Reggio Emilia via ship.
WILLIAM R. MILLER	567 Birch St., Wash.	10/15/1918	2:00 P.M.	Arrived from Ferrara via ship.
MRS. J. H. WILSON	890 Spruce St., Balt.	10/15/1918	2:30 P.M.	Arrived from Ravenna via ship.
JOHN D. ANDERSON	123 Maple St., Chic.	10/15/1918	3:00 P.M.	Arrived from Ancona via ship.
MRS. A. B. HARRIS	456 Elm St., N.Y.C.	10/15/1918	3:30 P.M.	Arrived from Pescara via ship.
WILLIAM G. KING	789 Oak St., Phila.	10/15/1918	4:00 P.M.	Arrived from Teramo via ship.
MRS. L. M. YOUNG	101 Pine St., Wash.	10/15/1918	4:30 P.M.	Arrived from Ascoli Piceno via ship.
JOHN F. JAMES	234 Cedar St., Balt.	10/15/1918	5:00 P.M.	Arrived from Macerata via ship.
MRS. A. M. RICE	567 Birch St., Chic.	10/15/1918	5:30 P.M.	Arrived from Fano via ship.
WILLIAM H. CAMPBELL	890 Spruce St., N.Y.C.	10/15/1918	6:00 P.M.	Arrived from Pesaro via ship.
MRS. E. H. WATSON	123 Maple St., Phila.	10/15/1918	6:30 P.M.	Arrived from Senigallia via ship.
JOHN C. MORGAN	456 Elm St., Wash.	10/15/1918	7:00 P.M.	Arrived from Fiume via ship.
MRS. E. F. BROWN	789 Oak St., Balt.	10/15/1918	7:30 P.M.	Arrived from Trieste via ship.
WILLIAM R. MILLER	101 Pine St., Chic.	10/15/1918	8:00 P.M.	Arrived from Venice via ship.
MRS. J. H. WILSON	234 Cedar St., N.Y.C.	10/15/1918	8:30 P.M.	Arrived from Livorno via ship.
JOHN D. ANDERSON	567 Birch St., Phila.	10/15/1918	9:00 P.M.	Arrived from Pisa via ship.
MRS. A. B. HARRIS	890 Spruce St., Wash.	10/15/1918	9:30 P.M.	Arrived from Florence via ship.
WILLIAM G. KING	123 Maple St., Balt.	10/15/1918	10:00 P.M.	Arrived from Bologna via ship.
MRS. L. M. YOUNG	456 Elm St., Chic.	10/15/1918	10:30 P.M.	Arrived from Parma via ship.
JOHN F. JAMES	789 Oak St., N.Y.C.	10/15/1918	11:00 P.M.	Arrived from Modena via ship.
MRS. A. M. RICE	101 Pine St., Phila.	10/15/1918	11:30 P.M.	Arrived from Reggio Emilia via ship.
WILLIAM H. CAMPBELL	234 Cedar St., Wash.	10/15/1918	12:00 A.M.	Arrived from Ferrara via ship.
MRS. E. H. WATSON	567 Birch St., Balt.	10/15/1918	12:30 A.M.	Arrived from Ravenna via ship.
JOHN C. MORGAN	890 Spruce St., Chic.	10/15/1918	1:00 A.M.	Arrived from Ancona via ship.
MRS. E. F. BROWN	123 Maple St., N.Y.C.	10/15/1918	1:30 A.M.	Arrived from Pescara via ship.
WILLIAM R. MILLER	456 Elm St., Phila.	10/15/1918	2:00 A.M.	Arrived from Teramo via ship.
MRS. J. H. WILSON	789 Oak St., Wash.	10/15/1918	2:30 A.M.	Arrived from Ascoli Piceno via ship.
JOHN D. ANDERSON	101 Pine St., Balt.	10/15/1918	3:00 A.M.	Arrived from Macerata via ship.
MRS. A. B. HARRIS	234 Cedar St., Chic.	10/15/1918	3:30 A.M.	Arrived from Fano via ship.
WILLIAM G. KING	567 Birch St., N.Y.C.	10/15/1918	4:00 A.M.	Arrived from Pesaro via ship.
MRS. L. M. YOUNG	890 Spruce St., Phila.	10/15/1918	4:30 A.M.	Arrived from Senigallia via ship.
JOHN F. JAMES	123 Maple St., Wash.	10/15/1918	5:00 A.M.	Arrived from Fiume via ship.
MRS. A. M. RICE	456 Elm St., Balt.	10/15/1918	5:30 A.M.	Arrived from Trieste via ship.
WILLIAM H. CAMPBELL	789 Oak St., Chic.	10/15/1918	6:00 A.M.	Arrived from Venice via ship.
MRS. E. H. WATSON	101 Pine St., N.Y.C.	10/15/1918	6:30 A.M.	Arrived from Livorno via ship.
JOHN C. MORGAN	234 Cedar St., Phila.	10/15/1918	7:00 A.M.	Arrived from Pisa via ship.
MRS. E. F. BROWN	567 Birch St., Wash.	10/15/1918	7:30 A.M.	Arrived from Florence via ship.
WILLIAM R. MILLER	890 Spruce St., Balt.	10/15/1918	8:00 A.M.	Arrived from Bologna via ship.
MRS. J. H. WILSON	123 Maple St., Chic.	10/15/1918	8:30 A.M.	Arrived from Parma via ship.
JOHN D. ANDERSON	456 Elm St., N.Y.C.	10/15/1918	9:00 A.M.	Arrived from Modena via ship.
MRS. A. B. HARRIS	789 Oak St., Phila.	10/15/1918	9:30 A.M.	Arrived from Reggio Emilia via ship.
WILLIAM G. KING	101 Pine St., Wash.	10/15/1918	10:00 A.M.	Arrived from Ferrara via ship.
MRS. L. M. YOUNG	234 Cedar St., Balt.	10/15/1918	10:30 A.M.	Arrived from Ravenna via ship.
JOHN F. JAMES	567 Birch St., Chic.	10/15/1918	11:00 A.M.	Arrived from Ancona via ship.
MRS. A. M. RICE	890 Spruce St., N.Y.C.	10/15/1918	11:30 A.M.	Arrived from Pescara via ship.
WILLIAM H. CAMPBELL	123 Maple St., Phila.	10/15/1918	12:00 P.M.	Arrived from Teramo via ship.
MRS. E. H. WATSON	456 Elm St., Wash.	10/15/1918	12:30 P.M.	Arrived from Ascoli Piceno via ship.
JOHN C. MORGAN	789 Oak St., Balt.	10/15/1918	1:00 P.M.	Arrived from Macerata via ship.
MRS. E. F. BROWN	101 Pine St., Chic.	10/15/1918	1:30 P.M.	Arrived from Fano via ship.
WILLIAM R. MILLER	234 Cedar St., N.Y.C.	10/15/1918	2:00 P.M.	Arrived from Pesaro via ship.
MRS. J. H. WILSON	567 Birch St., Phila.	10/15/1918	2:30 P.M.	Arrived from Senigallia via ship.
JOHN D. ANDERSON	890 Spruce St., Wash.	10/15/1918	3:00 P.M.	Arrived from Fiume via ship.
MRS. A. B. HARRIS	123 Maple St., Balt.	10/15/1918	3:30 P.M.	Arrived from Trieste via ship.
WILLIAM G. KING	456 Elm St., Chic.	10/15/1918	4:00 P.M.	Arrived from Venice via ship.
MRS. L. M. YOUNG	789 Oak St., N.Y.C.	10/15/1918	4:30 P.M.	Arrived from Livorno via ship.
JOHN F. JAMES	101 Pine St., Phila.	10/15/1918	5:00 P.M.	Arrived from Pisa via ship.
MRS. A. M. RICE	234 Cedar St., Wash.	10/15/1918	5:30 P.M.	Arrived from Florence via ship.
WILLIAM H. CAMPBELL	567 Birch St., Balt.	10/15/1918	6:00 P.M.	Arrived from Bologna via ship.
MRS. E. H. WATSON	890 Spruce St., Chic.	10/15/1918	6:30 P.M.	Arrived from Parma via ship.
JOHN C. MORGAN	123 Maple St., N.Y.C.	10/15/1918	7:00 P.M.	Arrived from Modena via ship.
MRS. E. F. BROWN	456 Elm St., Phila.	10/15/1918	7:30 P.M.	Arrived from Reggio Emilia via ship.
WILLIAM R. MILLER	789 Oak St., Wash.	10/15/1918	8:00 P.M.	Arrived from Ferrara via ship.
MRS. J. H. WILSON	101 Pine St., Balt.	10/15/1918	8:30 P.M.	Arrived from Ravenna via ship.
JOHN D. ANDERSON	234 Cedar St., Chic.	10/15/1918	9:00 P.M.	Arrived from Ancona via ship.
MRS. A. B. HARRIS	567 Birch St., N.Y.C.	10/15/1918	9:30 P.M.	Arrived from Pescara via ship.
WILLIAM G. KING	890 Spruce St., Phila.	10/15/1918	10:00 P.M.	Arrived from Teramo via ship.
MRS. L. M. YOUNG	123 Maple St., Wash.	10/15/1918	10:30 P.M.	Arrived from Ascoli Piceno via ship.
JOHN F. JAMES	456 Elm St., Balt.	10/15/1918	11:00 P.M.	Arrived from Macerata via ship.
MRS. A. M. RICE	789 Oak St., Chic.	10/15/1918	11:30 P.M.	Arrived from Fano via ship.
WILLIAM H. CAMPBELL	101 Pine St., N.Y.C.	10/15/1918	12:00 A.M.	Arrived from Pesaro via ship.
MRS. E. H. WATSON	234 Cedar St., Phila.	10/15/1918	12:30 A.M.	Arrived from Senigallia via ship.
JOHN C. MORGAN	567 Birch St., Wash.	10/15/1918	1:00 A.M.	Arrived from Fiume via ship.
MRS. E. F. BROWN	890 Spruce St., Balt.	10/15/1918	1:30 A.M.	Arrived from Trieste via ship.
WILLIAM R. MILLER	123 Maple St., Chic.	10/15/1918	2:00 A.M.	Arrived from Venice via ship.
MRS. J. H. WILSON	456 Elm St., N.Y.C.	10/15/1918	2:30 A.M.	Arrived from Livorno via ship.
JOHN D. ANDERSON	789 Oak St., Phila.	10/15/1918	3:00 A.M.	Arrived from Pisa via ship.
MRS. A. B. HARRIS	101 Pine St., Wash.	10/15/1918	3:30 A.M.	Arrived from Florence via ship.
WILLIAM G. KING	234 Cedar St., Balt.	10/15/1918	4:00 A.M.	Arrived from Bologna via ship.
MRS. L. M. YOUNG	567 Birch St., Chic.	10/15/1918	4:30 A.M.	Arrived from Parma via ship.
JOHN F. JAMES	890 Spruce St., N.Y.C.	10/15/1918	5:00 A.M.	Arrived from Modena via ship.
MRS. A. M. RICE	123 Maple St., Phila.	10/15/1918	5:30 A.M.	

Friday's 4 P.M. Close

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What's in the Cards? More Uses and Fraud

Credit-Card Protection Gains a High-Tech Edge

By Conrad de Aenlle

AN AMERICAN personal-finance guru once advised in his list of top 10 tips for financial success that people should not worry about their credit cards being lost or stolen. His reasoning was that cardholders were liable only for the first \$50 of fraudulent use and that there were more important financial matters on which to dwell.

Cardholders may still have far greater worries, but they probably should be more concerned about fraud and security than when that advice was offered nearly 20 years ago. The number of cards in use and the amount spent on them by consumers has grown substantially.

Just as important, there are more ways to spend money with cards — at cash machines, over the telephone and the Internet, and soon through electronic wallets that serve as cash surrogates — and fraud techniques are becoming more varied and sophisticated.

Fraud and theft amount to about 10 cents on every \$100 that cardholders charge, but because card use is so pervasive, this adds up to more than \$1 billion a year just for cards issued by banks around the world. Visa and MasterCard. Total card fraud is considerably higher when American Express, Diners Club and the many types of department-store and oil-company cards are included.

Cardholders are still liable only for nominal amounts charged illegally in their name. But ultimately the money lost to card issuers and the money they spend trying to prevent further thefts comes out of the pockets of their cardholders or, if competition is too steep, their shareholders.

Theft comes in many guises. There are the most crude forms, such as stealing someone's wallet or reading a cardholder's personal identification number at a cash machine and then taking the card. Some more artful crooks intercept new cards before they can be delivered in the mail. And then there are technologists, who try to hack into computer networks to steal the card numbers of on-line shoppers.

Fortunately, there is a vast, sophisticated arsenal with which to combat such crime. A relatively simple procedure is to print cardholders' photographs on cards, which has proven very successful in cutting down point-of-sale fraud," said Keith Saunders, chief architect for security and electronic commerce at NCR Corp., which makes

cash machines and security systems. Including a photo, he said, "increases the risk of getting caught and makes criminals feel uneasy."

The biggest innovation in anti-theft technology is the smart card, which is also called the chip card because an embedded silicon chip allows far more information to be stored than on a card with a conventional magnetic stripe.

While a stripe card might contain a PIN and not much else, chip cards are being developed with enough room to store a digitized version of the cardholder's thumbprint. Another advantage is that it is harder to snatch information off a smart card.

"If you had the right equipment, you could copy a stripe card," Mr. Saunders said. "When you move into smart cards, the equipment is much less available and much more expensive, and the level of expertise is much higher. Remanufacturing a silicon chip is a fairly complex operation."

Typically, only big companies and universities have that equipment," he added, "and information is put into a chip that makes it difficult to know what to copy and what to look for. If you don't do it just right, you destroy the chip."

Smart cards are being introduced gradually around the world. Claran Brennan, editor of the industry newsletter Cards International, noted that in countries where it has been in widespread use, such as France, banks "have been able to reduce card fraud quite substantially and now other countries are looking to introduce chip cards."

He said that they were viewed somewhat as the future of card security.

Smart-card technology will eventually allow banks to provide cards that can serve both as credit cards and electronic wallets, with stored-up cash that can be used for small purchases and replenished at banks when the cash runs out. The goal, Mr. Brennan said, is "to take cash out of society and bring in electronic payment cards, with the added benefit of reducing fraud."

In a card security system, Mr. Saunders said, "ideally what you want is something you possess, something you know and something you are."

The first is a PIN, the second is the card itself and the third could be a thumbprint.

Cards that read thumbprints are deemed especially useful in emerging economies, where card use is increasing rapidly and fraud is far higher than in traditional markets. Visa reported that

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An advertisement for the Auto Taser car alarm, left, and testing a bulletproof vest. Demand for such devices is helping fuel a security-sector surge.

While Crime Doesn't Pay, Preventing It Does

Rising Demand and Advanced Technology Spur a Boom in Guard Services and Protective Gear

By Digby Lamer

FOR INVESTORS having difficulty making money these days, crime may be the answer — not committing it, that is, but buying into the industry of preventing it.

Despite signs that crime is falling in some areas, the global trend is upward. This, together with advancing technology, has given the crime-busting business a boost in recent years.

What makes it especially attractive is that crime prevention, as a sector, is remarkably underresearched. Although the value of U.S. security shares grew an average 41 percent in 1996, few professional investors consider it an individual sector. This lack of attention — and hype — means that bargains are still to be had, analysts said.

Security stocks are of two main types: companies that supply personnel to guard homes and commercial property, and makers of security technology. A few businesses do both. But the two types of company do not deal with each other. The spread of new and relatively cheap technology for elec-

tronically tagging store merchandise, deterring attackers or alerting police to burglaries and robberies has brought more crime to the attention of often underbudgeted police forces. That spells opportunity for private security companies, which are increasingly asked to take up the slack from public services.

Protection One Inc. in the United States is a favorite stock in the private armed-response category. Duocan Byatt, a fund manager with Garmore Investment Management Ltd. in Britain, who specializes in smaller American companies, bought 7 percent of Protection One when it was floated about three years ago.

"We paid \$6 a share when it was pretty much a West Coast business," he said. "Since then, through various acquisitions, it now has 20 percent of the U.S. market for new installations."

Protection One's share price has almost doubled this year, to just under \$19 on Friday. Its strongest market is Las Vegas, where its products account for 40 percent of all alarms in new houses.

Joining forces recently with Western Resources Inc., a diversified services and energy company with assets worth nearly \$7 billion, it gained access to markets in the eastern United States.

Another of Mr. Byatt's favorites is Armor Holdings Inc., a U.S. maker of bullet- and stab-proof body armor. Apart from its domestic strength, the company is also a strong exporter, and its earnings for the quarter to September doubled from last year. Shares are now trading at just under \$12, having dropped from a peak of nearly \$13.50 in October.

There are also investment opportunities in Britain, especially among larger, diversified businesses, said Robert Morton, an analyst with Charterhouse Tilney Securities in London. His top choice is Rentokil Initial PLC, one of the world's largest business-services companies. It recently acquired two smaller British companies that provide guard services. Rentokil's share price has fallen from a year high of £2.68 (\$4.52) to £2.32. It remains above its low of £2.06 in July. Mr. Morton cautioned against invest-

ing in some smaller security businesses that are springing up in response to growing demand.

"There are plenty of small electronics businesses offering new security devices that appear to be selling well," he said. "or manned-guard businesses that pay too little attention to the type of people they employ. Very often they cut salaries to the bone in order to beat the better-established players on price."

Rupert Della-Porta, a fund manager with Hill Samuel Asset Management Ltd. in London, likes Secom Co. of Japan, a security-service provider offering armed-response teams for private homes, as well as a range of security devices.

"It's a good-sized company with plenty of growth potential and a solid earnings," he said.

Secom links private alarms to a call center and dispatches armed guards in response to suspected burglaries. What makes it an interesting play, Mr. Della-Porta said, is that Japan is remarkably free from personal violence — for now.

"What we expect is that the pressure Japan is under to globalize and to become more Western will change all that," he said.

Private-Sector Prospects for Letting Your Money Thrive Behind Bars

By Ann Brocklehurst

MANY INVESTORS in private prisons made a financial killing when shares in the new sector's biggest companies rose in price by as much as 10 times from mid-1994 to mid-1997. No one expects that trend to continue, but analysts maintain that the more mature corrections industry is now a far less risky business — even if it does not yet offer maximum security to investors.

The sector's star performer has been its biggest player, Corrections Corp. of America, whose shares rose to almost \$49.56 in July compared to \$13 in 1995, when they were recommended in The Money Report. The company was founded in 1983 and went public in 1986.

Based in Nashville, Tennessee, Corrections Corp. manages and operates jails but also designs, renovates and constructs them. It operates 36,000 prison beds, compared to the 16,000 operated by its closest competitor, Wackenhut Corrections Corp. of Florida.

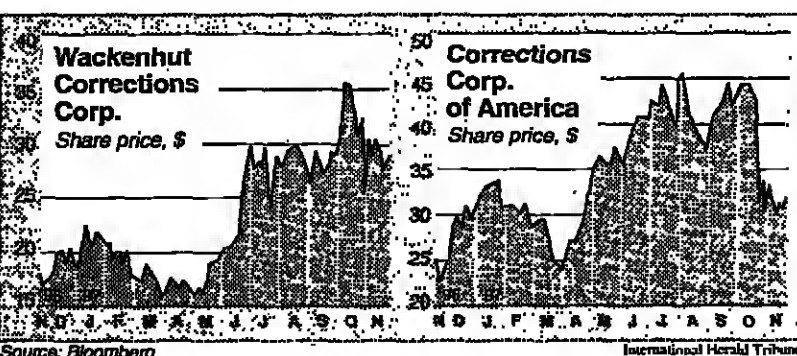
While both companies have expan-

ded their operations into Europe and Australia, often as part of joint-venture deals, analysts stressed that the U.S. domestic market remained by far their most important. There are only about 50,000 prison beds each in England, France and Germany, compared to the more than 1.1 million prison beds in the United States, of which just 5 percent are privately operated.

There is still a shortage of prison beds in the United States due to laws that call for mandatory sentences and parole restrictions. Even though the U.S. Bureau of Prisons has more than doubled its capacity in the last 10 years, it cannot keep up with the rising federal inmate population, and the same problems exist at the state level.

In such an environment, analysts predict that corrections companies will thrive for years to come. James Macdonald of First Analysis in Chicago noted that government contracts for prison facilities are signed two to three years in advance, making it possible to gauge future growth fairly accurately.

"I think these companies are compelling because they already have their



earnings booked," he said. Mr. Macdonald also dismissed claims that the sector has become overpriced, noting that price/earnings ratios are still less than 30 "for a gigantic growth industry."

But the analyst William Oliver of Edgar M. Norris & Co. cautioned investors to remember that despite impressive statistics, corrections remains a relatively new sector both to the public and to Wall Street analysts. He said that one serious incident of prisoner unrest could provoke strong share-price volatility.

To minimize the likelihood of pris-

oner uprisings, both Corrections Corp. and Wackenhut Corrections provide services such as drug rehabilitation, educational and job training, and prisoner transport. While neither company has yet had a serious incident at any of its prisons, other privately run institutions have had problems, such as guards being roughed up by inmates. This happened two years ago at Correctional Services Corp.'s New Jersey immigration center.

Phil Fisher of Genesis Merchant Group Securities in San Francisco said the company was now back on track. He

expects its shares to hit \$18 in the next 12 months, compared to current levels of \$13 and \$6 shortly after the incident.

Andrew Lanyi of Oppenheimer & Co. sees a buying opportunity at Corrections Corp., whose share price recently dropped to its present level of about \$32 on lower-than-expected third-quarter earnings of 15 cents per share compared to 10 cents per share a year earlier.

"Invariably, when there have been corrections [in share prices], the stocks have turned around and gone through the roof," he said.

This was certainly the case for Corrections Corp. after its shares plummeted to \$20 in March on news that its plan to move 1,700 inmates from facilities in Washington, D.C. to Ohio had been delayed. But investors who took advantage of the plunge to buy stock cheaply were well rewarded. Strong first-quarter earnings and the announcement that Corrections Corp. would spin off key prison properties into a real-estate investment trust caused shares to double to \$40 in just three months.

Other analysts, less bullish than Mr. Lanyi, are not so sure Corrections Corp.

will shoot back up. Although they still see the company as poised for growth, they cited concerns ranging from its ability to control expenses to potential occupancy-rate problems.

The current industry favorite is Wackenhut, which Mr. Fisher rates a strong buy.

"They're being very aggressive in the types of facilities they will pursue," he said. "International business is also increasing significantly for them."

Thanks to its parent, Wackenhut Corp., a security company with a global presence, Wackenhut Corrections has the advantage of name recognition. Among its international projects is a joint venture with Serco Group PLC of Britain. Corrections Corp. has shown less interest in expanding abroad, but it has a number of foreign ventures, including a strategic alliance with the French conglomerate Sodexho SA.

While there is talk that Corrections Corp. and Wackenhut Corrections will expand and buy out the smaller players, Mr. Fisher believes the latter will continue to play a key role in markets unable to attract the big players.

In One Speculator's Spectacular Fall, a Few Essential Lessons for Small Investors

WHEN THE U.S. stock market plummeted 554 points on Oct. 27, the average investor lost about 8 percent, but Victor Niederhoffer lost everything — and then some.

Last month, Mr. Niederhoffer, 54, who managed \$130 million of his own and his clients' money, made a wild bet by selling naked index puts. This sexy-sounding maneuver was simply a highly leveraged wager that the market would rise. Instead, on Oct. 27, it fell more points than it has ever fallen in history.

Mr. Niederhoffer's firm finished \$45 million under water, and sources say, he is personally liable for much of the loss. He is, in effect, wiped out. In an interview with The Washington Post, he declined to discuss the details, saying only: "It was like death. This was my chosen pursuit in life for 20 years, and this is a terrible culmination."

Mr. Niederhoffer is a trader — or, as

he proudly says, a speculator. He is not a long-term investor. He jumps in and out of different assets whenever he sees an opportunity. While this is not a game to play with your retirement money, there are lessons that conventional small investors can learn from his disaster.

1. Trim your losses. Mr. Niederhoffer's chosen niche was futures trading — buying and selling contracts to deliver specific goods, from pork bellies to oil to foreign currencies to baskets of stocks. The main feature of futures is leverage: put up \$1,000, and you can control, say, \$20,000 worth of a commodity. If its price rises 5 percent, you double your money; if it falls 5 percent, you lose your entire \$1,000. If it falls 6 percent, you lose more than you originally put up.

A few months ago, a fellow commodities trader said, Mr. Niederhoffer's firm, Global Systems, a group of hedge funds, invested in the Thai baht and in the Thai stock market. He lost 50 percent

of his company's assets in three weeks. That was a stunning loss, and completely inexcusable. When the market turned against him, Mr. Niederhoffer should have left himself an exit — perhaps a hedge (an investment that was apt to go up if Thailand went down) or at least a quicker trigger finger that

JAMES GLASSMAN ON INVESTING

would have let him cut his losses. For a small investor, a decline of even 20 percent in a few weeks is a sign that something is terribly wrong in a stock. That does not necessarily mean you should sell, but you should certainly reassess quickly.

Also, as a strict rule, small investors should stay away from leverage, including buying stocks on margin (borrowing to pay part of the price). It may sound tempting to be able to own \$10,000 worth of shares while invest-

ing only \$5,000. But it is far harder to trim your losses when you lose two dollars for every dollar a stock drops.

2. Don't go for broke. At gambling tables, the amateurs immediately try to get even after a big loss. Professionals accept their defeats as temporary and try to build back their stake slowly.

This sensible philosophy was anathema to Mr. Niederhoffer. On a single day in 1994, "he lost 25 percent of his money betting the wrong way on the Japanese yen," wrote David Segal in The Post. "Within weeks, however, he made back that money."

After his Thai debacle, he apparently decided on a similar course. The U.S. stock market had been weakening, and Mr. Niederhoffer, whose style is to buck the existing trend, decided to sell puts. A "put" is a futures contract that

allows the owner to force the purchase of a commodity (in this case a basket of Standard & Poor's stocks) at a specific price. When you buy a put, you bet that the market will fall (so, for example, you can make someone else pay \$1,000 for something that's currently worth \$800). When you sell — or short — a put, as Mr. Niederhoffer did, you are making the other side of the transaction, betting that the market will rise.

It did not. In fact, it fell so fast that Mr. Niederhoffer could not make margin calls, and his broker liquidated his position. As a result, he missed the big bounce the next day, which might have kept his company alive.

Why would Mr. Niederhoffer make such a risky wager? In his book, "The Education of a Speculator," he writes: "Often, when I am down and out after some terrible speculation, I'll come back with another large trade. 'You're going right back?' Susan [his wife] asks. Desperate times call for desperate

measures. 'I'm going for broke,' I always respond."

That wasn't the right response for him last month, and it's not right for small investors — ever.

3. History isn't everything. Investing is a tough game, in which anything can happen. Mr. Niederhoffer defended his lousy speculation in puts by saying, "I've made that trade hundreds of times in the past 15 years. I believe it's a good trade. It was a one-in-2,000 shot that the market would decline like that."

True, history shows that 8 percent declines in a single day are rare — as are 3 percent declines. But they are possible. In fact, 22 percent declines are possible; there was once just 10 years ago.

For small investors, the lesson of history is that it doesn't tell the whole story. We can make reasonable judgments from history, but we shouldn't bet everything on it.

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THE MONEY REPORT

Today's Gumshoes Cater to Investors of Many Walks

By Aline Sullivan

HIRING A PRIVATE investigator is no longer the exclusive province of the rich and famous or the desperate. Investors of many descriptions are calling in the professionals to help them manage what have become increasingly complex multinational affairs.

An executive posting to Moscow, a feud in the family business or an acrimonious divorce are just a few good reasons to consider employing an investigator or security adviser.

They do not come cheap—\$1,000 to \$1,500 a day is the norm, not including expenses, which could run high if extensive travel is involved. But they can help distinguish between an honest business proposal and a con job, conduct a security review of your home or ferret out hidden assets.

Prospective clients may be in for a surprise: Images of Humphrey Bogart in raincoat and gumshoes are well out of date. Today's top-flight investigators look and sound more like the lawyers who recommend them than movie stars. They spend more time at computer terminals than in cars or bars and much of their work is decidedly unglamorous. Some are former accountants or bankers, while others have a military or law-enforcement background.

"People are approached all the time with investment plans and donation requests," said Christopher Marquet, senior managing director at the investigation-industry giant Kroll Associates in New York. "They want us to check them out before they become involved."

Real-estate deals in Eastern Europe have been predominant in this work in recent years, but demand is still growing in North America and Europe, he said.

Acrimonious divorce cases, on the other hand, appear to be a largely Western phenomenon. "I cannot think of a single divorce case we have handled in Japan," Mr. Marquet said. "But they can involve a lot of work in the U.S. and Europe." Among the related tasks are surveillance, unraveling business deals, locating witnesses and tracking assets.

Physical security, including the prevention of kidnapping or abduction or the rescue of victims, is the fastest-growing area of business for the big investigative firms.

The so-called Wild East, which includes much of the territory of the former Soviet Union, is one of the regions in which security has become a pressing issue.

Kidnapping remains a major concern among executives traveling to Latin America and is a growing problem in the Philippines, Mr. Marquet said. Some parts of Africa and the Middle East also present security risks, he said.

Philip Sierra, senior managing director and counsel at Decision Strategies Fairfax International in New York, agreed.

"Every transnational firm has security high on their list of priorities," he said. "Executives are at the greatest risk when they are traveling. We provide their security systems, including a body guard if necessary, and we interface with local resources. An American can't carry a gun in Lebanon, but we can find someone to protect him."

Other cases defy categorization.

"We recently had a private client



who was rumored to be associated with international terrorists," a Kroll spokeswoman said. "This was hurting him severely in the credit markets. We demonstrated that this was a plot against him conducted by extortionists. After we got two law-enforcement agencies to affirm that he was not the subject of any investigation, he was able to restore his credit rating with his banks."

The top investigative firms cater to corporate clients but can provide a comprehensive service to individuals.

Kroll, which was bought last year for about \$95 million by the Chicago security group O'Garra Co., has offices and affiliates in 40 countries. It also runs an advisory service through the Internet that briefs subscribers on travel, security, political stability, terrorism and criminal risks throughout the world.

Decision Strategies Fairfax is the

product of the merger this year of Decision Strategies in Falls River, Virginia, and Fairfax International in New York. The combined group has 20 offices throughout the world.

The two other leading contenders in this business are Investigative Group International in New York and Control Risks International in London.

These firms are not for everyone: They turn away business they consider too small or too shady. For example, Kroll Associates will generally direct prospective clients with assignments worth less than \$10,000 to other, smaller, firms. Decision Strategies is not interested in commissions that its executives consider too distorted by emotion (in other words, most divorce work). But their affiliates and contacts throughout the world make both of these firms good starting point.

These firms will also refuse requests to hide assets before a lawsuit, coerce witnesses or perform any other activity that is illegal in the country involved.

Individuals in need of such services have no lack of choice, however. According to Mr. Marquet, there are dozens of firms more than willing to take on this type of business.

"As the industry leaders, we have tried hard to clean up the image of this line of business," he said.

For further information:

- KROLL ASSOCIATES Tel: 1 212 591 1000; Fax: 1 212 591 7631; Web site: <http://www.krollassociates.com>
- DECISION STRATEGIES FAIRFAX Tel: 1 212 599 8200; Fax: 1 212 599 5378; Web site: <http://www.decisionstrategies.com>
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- CONTROL RISKS GROUP LTD Tel: 44 171 222 1552; Fax: 44 171 222 2206; Web site: <http://www.crg.com>

BRIEFCASE

A New Tiger Is Rising In the East: Romania

If you sold Thailand and bought Romania at the start of the year, you must have few regrets. The ailing Asian tiger's stock market lost two-thirds of its value this year through October, the mirror image of Romania, where stocks rose 206 percent.

Analysts at two investment houses advise that there is plenty more to come in Romania and that it could be among the strongest markets over the next year.

"Everything is falling into place for the market to take off," said Douglas Helser, an Eastern Europe specialist at Foreign & Colonial Emerging Markets. "Romania is where Poland was in 1992," before share prices began a steep and persistent rise.

Calling Romania "one of the best plays right now," he cited its attractions.

The currency is freely exchangeable locally and there's a new government that is managing the economy quite well following shock therapy," he said. "It wants to join the European Union, so they're going to be disciplined in their budget and will keep their policies in place. The timing of having an investable stock market with political reform and a strong economic base makes it a very interesting story."

Foreign & Colonial, a London-based fund management company, recently raised \$68 million for a fund targeting Romania, the largest such fund yet created. (IHT)

"Overall, we did all right because our managers were pretty quick to cut losses," said Afroz Qadeer, managing director of investment research at Optima Fund Management LP, a group in New York that invests about \$800 million with 49 hedge-fund managers. About one-quarter of Optima's money is invested in emerging markets, but Mr. Qadeer said the worst performer among that group was down about 13 percent, mostly due to losses in emerging-market debt and Russian investments.

Some funds managed to profit from the turmoil. Julian Robertson's \$14-billion Tiger Management funds have returned 55 percent on average through Nov. 13, according to a source familiar with the fund's performance, thanks mostly to wise stock-picking around the world. That compares with a return of 40 percent a month earlier.

There were some notable losers. George Soros's \$20-billion Soros Fund Management saw its largest Quantum fund lose money in October. It dropped \$1 billion when the Dow Jones industrial average fell 554 points on Oct. 27 and did not manage to gain any ground in the following weeks, even though Wall Street rebounded substantially. As of Nov. 7, the fund, which invests in global stocks, bonds, currencies and commodities, was up about 10 percent in 1997. Two months ago, the fund had climbed 20 percent. (Bloomberg)

High-Tech Boom Fuels Venture-Capital Surge

A continuing boom in the high-technology sector helped drive U.S. venture-capital investments to a record quarterly high of \$3.57 billion in the third quarter of 1997, a survey shows.

The Price Waterhouse National Venture Capital Survey found that total venture-capital investments for the first nine months of 1997 jumped to \$9 billion, nearly equaling the record \$9.5 billion the firm recorded for all of 1996.

"It's the best time to be an entrepreneur and it's especially the best time in history to be an entrepreneur in the technology industry," said Kirk Walden, who manages the quarterly survey.

High-technology companies attracted more than \$5.9 billion through the first three months of 1997, \$48 million more than all venture-capital funds invested in the technology industry in all of 1996 and \$1 billion more than all of 1995.

Internet investments attracted \$1.33 billion in investments for the first nine months of 1997, while communications companies accounted for \$2 billion and computer and peripherals companies attracted \$487 million. (Reuters)

Hedge-Fund Managers Weathered Market Storm

Most hedge-fund managers weathered October's financial storm, which sent stock and bond markets throughout the world tumbling, without sustaining big losses.

As a group, hedge funds, which are investment partnerships for institutions and wealthy individuals who usually put up a minimum of at least \$1 million each, fell an average of 0.71 percent, according to Hennessey Group LLC, a New York consultant that matches investors with fund managers. That is good compared to U.S. shares, which dropped more than 3 percent, and emerging-market stocks and bonds, which fell more than 10 percent.

Not surprisingly, short-sellers — managers who sell borrowed shares in hopes of buying them back later at a profit — did best, up 11.38 percent, according to Hennessey. Managers of Latin American funds were the biggest losers, down 13.85 percent on average.

Generation Gap: Find Yourself or Make Yourself Rich?

By Jerry Morgan

FOR MEMBERS of Generation X, the "do your own thing" slogan of their baby-boomer parents' generation has resonance — although with a different meaning. According to a report released this week, the rewards they seek are not spiritual, but material, and they want to do it their way.

If you want to sell them financial services, you have to understand those differences, said J. Walker Smith, a managing partner of Yankelovich Partners and co-author of "Rocking The Ages: The Yankelovich Report of Generational Marketing."

Defining Generation X as those born after 1964, baby boomers as those born

between 1946 and 1964, and the "mature" generation as those born before 1946, Mr. Smith cited several findings of studies by Yankelovich and others:

- In 1996, 74 percent of Generation Xers said the objective of a college education was to be well-off financially. In 1967, 82 percent of boomers at a comparable age said developing a meaningful philosophy of life was the main objective. That goal was dead last in 1996 in an American Council of Higher Education survey of first-year university students.
- Sixty-four percent of Generation Xers said material things such as cars and houses were important, the same as the mature group, which would likely include their grandparents. But only 50 percent of baby boomers said that, up from 31 percent in 1973.

- Seventy-one percent of Generation Xers prefer starting their own business to inheriting a large sum of money. Only 59 percent of the baby boomers and 49 percent of the "matures" feel the same way today.
- In 1997, 69 percent of Generation Xers feel the need to plan for retirement, while only 51 percent of baby boomers at a comparable age in 1974 felt the same.
- Mr. Smith said that because baby boomers were raised in times of great prosperity, their attitude was to spend rather than save and to retire early.
- Generation Xers want to hedge, Mr. Smith said. They want money, but they want to be entrepreneurs and they want control over their lives. Unlike their baby-boomer parents, most of whom said in 1973 that they did not feel trapped by their lack of training, most Gen-

eration Xers said they have the background and training to get where they want to go.

Many Generation Xers, however, said they consider work to be only something they do for a living. About 40 percent said they did not expect to get much pleasure from work and 48 percent said they were willing to work at a boring job as long as the pay was good. Mr. Smith said, compared with 37 percent of the baby boomers today.

One interesting piece of information, Mr. Smith said, came from a survey this year by BMG Entertainment, which asked Generation Xers, "If you were stranded on a desert island, what would you most like to have with you?" Among the choices: music, TV, books and a personal computer.

New Security Concerns For Credit-Cardholders

Continued from Page 17

card fraud in Latin America last year was six times as great as in Europe and Asia as a percentage of sales and twice as great as in North America.

Thumbprint identification overcomes the limitations of literacy and familiarity with computers that exist in emerging markets. The system is not foolproof, however. There have been gruesome cases in South Africa where thieves have separated cardholders from their cards as well as from their thumbs. Newer technology requires the thumb connected with a card to have a pulse.

Another identification procedure being tested and likely to be on the market in a few years involves reading the irises of cardholders' eyes, which are even more idiosyncratic than fingerprints.

All is not lost once a card is stolen. Credit-scoring agencies, which banks use to decide who should and should not get credit, have developed programs for spotting spending patterns with a high probability of indicating fraudulent use.

Technology designed by Fair, Isaac & Co., a large credit scorer, looks for such telltale signs as large transactions out of a cardholder's home area soon after an account is open, especially stores that carry expensive merchandise such as electronics and jewelry.

Cardholders are increasingly making purchases all over the world while they are sitting in their living rooms. A priority of card issuers is to develop technology that

keeps hackers from grabbing card information transmitted over the Internet.

This includes encryption procedures that scramble communications between cardholders and merchants and make use of a "digital signature." That involves the cardholder entering a bit of information, such as a PIN, which unlocks the flow of information to the merchant.

The next step, being tested in a joint program by Visa and MasterCard, is the use of "secured electronic transactions." A sort of software wallet bundled into Internet browser software on personal computers will allow information to be sent to merchants, who can then send it to cardholders' banks for approval.

Future models are expected to encode the information on the cards themselves, so that nothing can be gleaned by stealing a cardholder's computer.

A crucial advantage of secured electronic transactions over other encryption software is that only the banks will be able to read the card information, not the merchants being patronized, Mr. Saunders said. So there will be no need to tear up virtual carboons.

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Correction

For the article on fast-food restaurants in the Nov. 15-16 edition of The Money Report, Restaurant Business magazine provided erroneous figures on American fast-food consumption in 1995 and 1996. The magazine has corrected those figures, which should have been \$94 billion and \$91.9 billion, respectively.

WORLD ROUNDUP

Kipketer and Jones
Get IAAF Honors

ATHLETICS Wilson Kipketer, who broke one of the oldest world records on the books, and Marion Jones, the newest American sprinting star, were named Friday as the IAAF athletes of the year for 1997.

The Kenyan-born Kipketer, who runs for Denmark, broke Sebastian Coe's 16-year-old record of 1:41.73 in the 800 meters when he ran 1:41.24 in Zurich on Aug. 13. A week later in Cologne, Kipketer lowered the mark to 1:41.11.

Kipketer, 24, was undefeated for the year in the 800 and won the gold medal in the event at the World Championships in Athens. Jones, 24, a former basketball star at the University of North Carolina, emerged as a female version of Carl Lewis by starting in the 100 meters, 200 meters and long jump. She won the 100 and the long jump at the U.S. nationals, then went on to take gold in the 100 and 400-meter relays at the World Championships. She had the fastest times of the year in the 100 (10.76) and 200 (21.76). The awards were presented at a ceremony in Monaco. (AP)

Braves Sign Galarraga

BASEBALL The Atlanta Braves moved quickly to replace Fred McGriff at first base, agreeing to a three-year deal with former Colorado Rockies' slugger Andres Galarraga.

The Braves made the official announcement Friday at a news conference at Turner Field. Terms were not disclosed, but Galarraga's agent, Jim Bronner, said his free agent client has agreed to a deal worth \$24.75 million.

McGriff, set to make \$5 million next season, was dealt to the expansion Tampa Bay Devil Rays for a player to be named shortly after Tuesday's expansion draft.

With the Braves now expected to have a payroll of more than \$60 million in 1998, the team's general manager, John Schuerholz, said he would end discussions with two free-agent outfielders—Brady Anderson of the Orioles and Kenny Lofton, who played for the Braves last season. (AP)

A Compromise on Mantle

BASEBALL Lawyers representing Mickey Mantle's widow and the baseball legend's former agent and girlfriend, Greer Johnson, slugged out a compromise on Friday that allows for the auction of Mantle memorabilia and some personal items, including a lock of his hair.

Under the settlement, 200 items will be auctioned on Saturday at Leland's Auction house in New York, but 33 pieces of personal property, including prescription medicine bottles, eyeglasses, 10 pairs of shorts, and a dark green bathrobe embroidered with the name "Mick" will be returned to Mantle's widow. (Reuters)

Hingis Falls to Pierce's Bullying

By Robin Finn
New York Times Service

NEW YORK — Martina Hingis, the undisputed No. 1 player in the world, had her magical angles. Mary Pierce, the seventh-seeded player at the Chase Championships, had her own magic. It was not a match made in heaven, but that is the level of tennis it yielded: that is what it took for Hingis to make right in the form of Pierce's passionate and pulverizing 6-3, 2-6, 7-5 upset of the near-invincible Hingis.

"This one is really great for me," said Pierce, who has beaten Hingis in four of their six meetings and came out of the match Thursday night at Madison Square Garden shaking off an onset of leg cramps. "I really didn't make any mistakes, and to me, her balls seemed a little shorter, and she seemed a step slower."

Since Hingis took over women's tennis this year, the only mistake-free way to beat the 17-year-old is to bully her off the court. That's precisely what Pierce did in their 2-hour, 6-minute quarterfinal at the Garden, where the last top-seeded woman to lose in the quarterfinal was Steffi Graf in 1994. She, like Hingis, fell victim to the year-end sting of a revitalized Pierce.

"She made the points, and I was kind of running along the baseline. I was all the time pretty defensive, and against Mary, you can't do that," said Hingis, who could not seem to decide whether she was more annoyed or relieved to have her 1997 campaign complete at last. "The year is over before I expected, but other players have had un-

expected losses, too. I'm not the only one."

Hingis, nonetheless, was the only player to capture a dozen Corel Tour titles, including three of the four grand slam events.

Hingis admitted that Pierce, the only active player with a winning record against her, did not remotely resemble the player she'd trounced 6-0, 6-2 four months ago in San Diego. "It was a different person on the court."

On Thursday, the two were deadlocked, 5-5, in the final set when Hingis, pushed to the breaking point by a gutsy forehand volley from Pierce, lost her service game, flung her racket at the net, and stalked to her change-over chair aware that Pierce, up 6-5 and showing no signs of discomposure, was poised to hand her her fifth loss of 1997, her fifth loss in 80 matches played.

But Hingis is no pushover, and it took 3 match points before Pierce, on the run but definitely so, fired the crosscourt backhand that provoked a wide-of-the-mark backhand reply from her opponent.

In the semifinal Friday night, Pierce was to meet Nathalie Tauziat, who beat Iva Majoli on Thursday night in the other quarterfinal, 7-6 (9-7), 7-6 (7-4).

Pierce, who had Roberto Alomar of the Baltimore Orioles in her corner Thursday night and wore his uniform number on a chain around her neck, impersonated a hurricane in the opening five games as she blew Hingis off the court and did not allow her a game.

This was not the first time Pierce had elected to manhandle Hingis; in their

only previous meeting indoors on carpet, Pierce rolled to a 6-4, 6-0 victory in Zurich in 1994, the year a 14-year-old Hingis had her professional coming-out party on her home grounds. So on Thursday night, the minute Hingis found herself losing the first set, 5-0, was the minute she began to get her ruder working.

Serving to prolong the set, Hingis had to stave off 2 set points, the second with a risky combination of an all-out crosscourt backhand finished off with a gung-ho overhead, just to get on the scoreboard.

When she finally held for 1-5 with a bullet of a forehand, Hingis threw her arms into the air in sardonic celebration, then proceeded to chip away at Pierce's lead until 5-0 became 5-3.

Then it was Pierce's turn to start wondering whether her seemingly insurmountable lead had been a mirage instead of a morale builder. But Pierce recovered from an early double fault and pummeled a forehand winner down the line to claim the set, 6-3.

That setback failed to flummox Hingis. She responded by doing what comes naturally; she snapped off such a deceptive series of angled ground strokes that Pierce, pinned to the baseline when she did not want to be, fell behind, 4-1, and never regained enough ground to be a factor in the set.

Hingis evened the match and turned the tables on Pierce by breaking her serve in the final game of the second set with a penetrating return that sunk low on Pierce's backhand side and proved unreturnable.



Mary Pierce playing the winning shot in her match with Martina Hingis.

Marlins' Fire Sale Will Inflammate Fans

New York Times Service

IF the industry known as Major League Baseball continues to wonder why it disenchants more and more fans, it has only to watch the butchering of the Florida Marlins by their bottom-line owner.

As the World Series champions, the Marlins were the best team in baseball. And less than four weeks later, the accurate verb is really "were," not "are." As a team, those Marlins no longer exist.

Moisés Alou, the left fielder, has been traded to the Houston Astros.

Devon White, the center fielder, has been traded to the Arizona Diamondbacks.

Robb Nen, the bullpen closer, has been traded to the San Francisco Giants.

And Thursday, Jeff Conine, the first baseman who was known as the original Marlin, was traded to the Kansas City Royals.

If the Marlins had obtained equal talent value, fine. But for those four cornerstones of a World Series winner, all the Marlins got were seven pitchers, seven prospects who might or might not develop into doing what Alou, White, Conine and Nen did.

And along with the Marlin franchise itself, two more cornerstones are on sale — their best player, the right fielder Gary Sheffield, and their best pitcher, the right-hander Kevin Brown.

Why? In the words of baseball's own motto, the Marlins' owner, H. Wayne Huizenga, wants to "lose salary." Ex-

cellence is too expensive. Cut the payroll to sell the club. In an industry that expects its fans to worship their favorite team's woe-lust record, to "lose" anything was once a four-letter word. But for any bottom-line owner, it's the fashionable, and fiscally responsible, to lose salary. But all that really does is help a franchise and baseball lose its fans.

More and more, as Bernie Williams of the New York Yankees is discovering, it's not what you as a player can do for your team, it's what your departure can do for its payroll.

Randy Johnson, baseball's best left-handed pitcher, is on the market. In Seattle because the Mariners believe his next contract would be too expensive. Pedro Martinez is now with the Boston Red Sox because he's too good and therefore too expensive for the payroll-poor Montreal Expos.

But what the Marlins are doing in breaking up a World Series team isn't new. Two decades ago, Charles O. Finley broke up the three-time World Series champion Oakland Athletics rather than pay Reggie Jackson, Joe Rudi, Sal Bando, Rollie Fingers and Vida Blue the new free-agent market prices.

Six decades ago, Connie Mack broke up the two-time World Series champion Philadelphia Athletics rather than pay Lefty Grove, Jimmie Foxx, Al Simmons and Mickey Cochrane the salary market

prices of those Depression years. The difference is that those teams won three and two consecutive World Series titles before Charlie O. and Mack packed the payroll.

This time, it's as if H. (it doesn't stand for Halo) Wayne Huizenga, the deep-sea fisherman who spent \$89 million on free agents a year ago, strung up those Marlins on the dock after one World Series title for one quick snapshot. He didn't even mount the Marlins for future viewing and a run at another try of World Series rings.

So much for being a Marlins fan. And so much for being the Marlins' manager. Jim Leyland basked in his team's World Series triumph. But now it's as if he were again managing the Pittsburgh Pirates, which left Barry Bonds and Bobby Bonilla walk away as free agents because they were too expensive.

In talking of the Marlins, Huizenga is walled off how a pure baseball stadium would never be built in Miami with public funds as long as he owned the team. But now that the Marlins, as World Series champions, really own the stadium, if a referendum for funds for a Miami baseball stadium for a future club owner were to be voted upon, even the most devoted Marlins fans would surely remember the time the owner strung up the Marlins for one quick snapshot and then butchered them.

Baseball fans never forget.

Sabres Flay Bruins, 5-0

Barrosso, With 27 Saves, Shuts Out Senators

DOMINIK HASEK stopped 29 Boston shots and Miroslav Satan had two goals and an assist as the Buffalo Sabres continued their dominance over the Bruins with a 5-0 victory in Boston.

For Hasek, the shutout Thursday night was the first of the season and

NHL Roundup

the 21st of his career. He won last season's Vezina Trophy as the NHL's best goaltender. Alexei Zhitnik, Wayne Primeau and Donald Audette added goals for the Sabres, who snapped a five-game winless streak at 0-3-2. Boston had its three-game unbeaten streak stopped.

Penguins 2, Senators 0 Tom Barrosso made 27 saves to post his 26th career shutout as Pittsburgh beat host Ottawa. It was Barrosso's third shutout of the season and improved his record to 0-4-3.

Devils 5, Islanders 1 New Jersey won a team-record eighth straight game as Bobby Holik scored twice against the visiting Islanders. Martin Brodeur had 27 saves in winning his 12th straight game, a team record, and posting a league-high 15th victory.

Flames 2, Panthers 1 Tommy Albelin scored an unassisted goal early in the third period as Calgary beat Florida for their first road victory of

the season. With the Flames leading 1-0 on Jim Dowd's second-period goal, Albelin intercepted the puck at the blue line and slapped it off the far post past John Vanbiesbrouck to secure the victory at 1:40 of the third.

Sharks 3, Flyers 0 The goaltender Mike Vernon stopped all 28 shots he faced as the San Jose Sharks beat the Flyers. Doug Bodger scored an unassisted goal for the Sharks.

Oilers 3, Blues 0 Curtis Joseph stopped 22 shots as visiting Edmonton snapped a 10-game winless streak with a victory in St. Louis. The loss was only the third this season at Kiel Center for the Blues, who at 10-3-1 lead the league in home victories.

Kings 4, Blackhawks 3 Glen Murray, Vladimir Tsyplakov and Rob Blake each had a goal and an assist as host Los Angeles beat the Chicago for its seventh victory in 11 games.

Canucks 4, Blackhawks 3 Glen Murray, Vladimir Tsyplakov and Rob Blake each had a goal and an assist as host Los Angeles beat the Chicago for its seventh victory in 11 games.

Islanders 5, Penguins 2 The recently-rimmed tandem of Mike Keenan and Mark Messier continued to make its mark as the host Canucks extended their unbeaten streak to four straight.

Messier set up the eventual game-winner to extend his consecutive games point streak to 10, while Keenan improved to 2-0-1 since taking over as coach of the struggling Canucks last week.

SCOREBOARD

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

Team	W	L	Pct	GB
Atlanta	11	10	.524	—
New York	7	14	.333	4 1/2
Washington	7	14	.333	4 1/2
Orlando	5	16	.238	6 1/2
Charlotte	4	17	.190	7 1/2
Philadelphia	2	19	.095	9 1/2

CENTRAL DIVISION

Team	W	L	Pct	GB
Chicago	11	10	.524	—
Indiana	6	15	.286	5 1/2
Minnesota	5	16	.238	6 1/2
San Antonio	4	17	.190	7 1/2
Phoenix	3	18	.143	8 1/2
Portland	2	19	.095	9 1/2

PACIFIC DIVISION

Team	W	L	Pct	GB
L.A. Lakers	10	11	.476	—
Utah	8	13	.381	2 1/2
Seattle	8	13	.381	2 1/2
San Jose	7	14	.333	3 1/2
Vancouver	5	16	.238	5 1/2
Dallas	2	19	.095	8 1/2
Golden State	1	20	.048	9 1/2

WESTERN CONFERENCE

NBA STANDINGS

PACIFIC DIVISION

Team	W	L	Pct	GB
Portland	12	9	.571	—
Phoenix	11	10	.524	1 1/2
San Antonio	10	11	.476	2 1/2
San Jose	9	12	.429	3 1/2
Seattle	8	13	.381	4 1/2
Utah	7	14	.333	5 1/2
Vancouver	6	15	.286	6 1/2
Dallas	5	16	.238	7 1/2
Golden State	4	17	.190	8 1/2
L.A. Clippers	1	20	.048	9 1/2

CENTRAL DIVISION

Team	W	L	Pct	GB
San Antonio	12	9	.571	—
Phoenix	11	10	.524	1 1/2
San Jose	10	11	.476	2 1/2
Seattle	9	12	.429	3 1/2
Utah	8	13	.381	4 1/2
Vancouver	7	14	.333	5 1/2
Dallas	6	15	.286	6 1/2
Golden State	5	16	.238	7 1/2
L.A. Clippers	4	17	.190	8 1/2

ATLANTIC DIVISION

Team	W	L	Pct	GB
Atlanta	11	10	.524	—
New York	7	14	.333	4 1/2
Washington	7	14	.333	4 1/2
Orlando	5	16	.238	6 1/2
Charlotte	4	17	.190	7 1/2
Philadelphia	2	19	.095	9 1/2

CENTRAL DIVISION

Team	W	L	Pct	GB
Chicago	11	10	.524	—
Indiana	6	15	.286	5 1/2
Minnesota	5	16	.238	6 1/2
San Antonio	4	17	.190	7 1/2
Phoenix	3	18	.143	8 1/2
Portland	2	19	.095	9 1/2

PACIFIC DIVISION

Team	W	L	Pct	GB
L.A. Lakers	10	11	.476	—
Utah	8	13	.381	2 1/2
Seattle	8	13	.381	2 1/2
San Jose	7	14	.333	3 1/2
Vancouver	5	16	.238	5 1/2
Dallas	2	19	.095	8 1/2
Golden State	1	20	.048	9 1/2

WESTERN CONFERENCE

NBA STANDINGS

PACIFIC DIVISION

Team	W	L	Pct	GB
Portland	12	9	.571	—
Phoenix	11	10	.524	1 1/2
San Antonio	10	11	.476	2 1/2
San Jose	9	12	.429	3 1/2
Seattle	8	13	.381	4 1/2
Utah	7	14	.333	5 1/2
Vancouver	6	15	.286	6 1/2
Dallas	5	16	.238	7 1/2
Golden State	4	17	.190	8 1/2
L.A. Clippers	1	20	.048	9 1/2

CENTRAL DIVISION

Team	W	L	Pct	GB
San Antonio	12	9	.571	—
Phoenix	11	10	.524	1 1/2
San Jose	10	11	.476	2 1/2
Seattle	9	12	.429	3 1/2
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Dallas	6	15	.286	6 1/2
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ATLANTIC DIVISION

Team	W	L	Pct	GB
Atlanta	11	10	.524	—
New York	7	14	.333	4 1/2
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CENTRAL DIVISION

Team	W	L	Pct	GB
Chicago	11	10	.524	—
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San Antonio	4	17	.190	7 1/2
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PACIFIC DIVISION

Team	W	L	Pct	GB
L.A. Lakers	10	11	.476	—
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Vancouver	5	16	.238	5 1/2
Dallas	2	19	.095	8 1/2
Golden State	1	20	.048	9 1/2

SPORTS

Give Giants' Defense The Edge Over Skins

Cowboys Head North to Wrangle Green Bay

By Mike Freeman
New York Times Service

New York Giants (7-4) at Washington (6-5) The defensive coordinators will play a big role in this game. While Mike Nolan, a former Giants defensive coordinator, has dramatically improved the Redskins' defense, John Fox has refined the Giants' defense. His more aggressive schemes have taken advantage of the team's athleticism. Nolan will devise something to give the Giants headaches, but the Giants will rock the

NFL MATCHUPS

quarterback Gus Frerotte, who has struggled this season. Still, this will be a close one. Prediction: Giants, 20-17.

Dallas (6-5) at Green Bay (8-3) This is what all the Cheeseheads have been waiting for: a shot at the Cowboys at Lambeau Field. Dallas, including postseason, has won eight straight against Green Bay. In those games, the quarterback Troy Aikman has completed a startling 72.5 percent of his passes for 2,145 yards and 11 touchdowns. He has thrown only 7 interceptions. Both teams desperately need to win, with the Pack coming off a loss to Indianapolis and the Cowboys needing the victory to stay alive in the NFC East. Packers, 21-20.

Minnesota (8-3) at New York Jets (7-4) The rest of the league beware: This is the time of year when Bill Parcells' teams always finish strong. He is 31-20 all-time in November. But Neil O'Donnell is starting for the injured Glenn Foley, and while O'Donnell is a solid player, the offense just doesn't seem to have much pizzazz when he is at the helm. Points are at a premium against the Vikings, who on the road have outscored opponents 101-53 in the second half. Vikings, 26-13.

Miami (7-4) at New England (6-5) The Patriots have an edge because Miami is playing one of its few cold weather games this year. New England has also been victorious in 10 of its past 11 division games. The hunger to keep their season alive will push them past the Dolphins. Patriots, 35-21.

Buffalo (5-6) at Tennessee (5-6) Keeping the running back Eddie George under control is imperative for Buffalo, because quarterback Todd Collins just doesn't have it, at least for now. But Coach Marv Levy is upset after Buffalo's horrible game last week at Miami and that is probably good news for Buffalo. He will emphasize keeping mistakes to a minimum. The Bills will oblige. Bills, 12-9.

Pittsburgh (6-3) at Philadelphia (4-6-1) One wonders just when the excitable Eagles coach, Ray Rhodes, is going to blow his stack. This could be the week. The Steelers have a great running game in Jerome Bettis, a talented quarterback in Kordell Stewart and good special teams. Philadelphia's special teams have been among the worst in the past few years and it has cost them games. The Eagles are simply overmatched. Steelers, 17-0.

Kansas City (8-3) at Seattle (6-5) The battle of the old men. Warren Moon, Seattle's quarterback, will be 41 years and five days old Sunday, making him the second oldest quarterback to start a game since Earl Morrall did it for Miami at 41 years, six months in 1975. On the Chiefs' side of the field will be running back Marcus Allen, who is a spry 37. The Seahawks have the best passing game in the league. But after the game,

the Seahawks will be grumpy old men. Chiefs, 28-17.

Tampa Bay (8-3) at Chicago (1-10) Tampa Bay needs just one more victory for its first winning season since 1982. The Bucs are 4-1 on the road and haven't won five road games since 1979. Their defense is young and outstanding but the key has been Trent Dilfer. His 18 touchdown passes surpassed the total of his first three seasons (17). The Bucs won't blow this chance. Buccaneers, 20-0.

Arizona (2-8) at Baltimore (4-6-1) The most underrated wide receiver in the league today is Arizona's Rob Moore. He leads the league with a career-high 1,048 receiving yards, his third 1,000-yard season. Overall, however, the Cardinals don't have the kind of offense the Ravens possess. Ravens, 28-21.

New Orleans (4-7) at Atlanta (3-8) Quarterback Heath Shuler was put on injured reserve this week because of turf toe, so he will miss the rest of the season. To replace Shuler, the Saints have signed Billy Joe Hobert, who was cut by Buffalo because he admitted he was unprepared. But the Saints have held six of their last eight opponents to 17 points or less and have six takeaways in their last two contests. The Pro Bowl tackle William Roaf should contain the hot Chuck Smith, who has 10 sacks. Saints, 21-17.

Indianapolis (1-10) at Detroit (5-6) If there is one thing the Colts can take from this miserable season, it is that they have found a quarterback in Paul Justin. He was 24 of 30 for a career-high 340 yards and one touchdown against a great Packers defense. He will be as calm, poised and sharp against the Lions. Colts, 35-28.

San Diego (4-7) at San Francisco (10-1) The first meeting of these two since Super Bowl XXIX and the Chargers can probably still see Jerry Rice scoring on a deep bomb in their sleep. Since that day, the Chargers have struggled to maintain mediocrity while the 49ers always seem to find ways to win. San Francisco is 61-38 against the AFC, including six straight victories. 49ers, 24-9.

Jacksonville (6-3) at Cincinnati (3-8) Boomer Esiason gets the start this week in place of the struggling Jeff Blake. Bruce Coslet last year made a big-time run at the end of the year and he's hoping to get a sonic boom from Esiason. The home team has won 4 of 5 in this series, so even though it looks like the Bengals are overmatched, they do manage to play the Jaguars tough at home. Bengals, 17-14.

Carolina (5-6) at St. Louis (2-9) It was only a matter of time before the Rams running back Lawrence Phillips began to have problems. After a heart-to-heart with his coach, Dick Vermeil, Phillips missed a team meeting, skipped practice this week and was waived Thursday. The Rams will miss him. His 633 rushing yards through 11 games this season surpass his rookie season total of 632. Panthers, 30-14.

Oakland (4-7) at Denver (3-9) The only person Denver coach Mike Shanahan despises more than Dan Reeves is the Raiders' owner, Al Davis. Shanahan was fired by Davis after one and a half seasons with the Raiders. Whether Shanahan gets his revenge depends on which Raiders team comes to play. Sometimes they show such explosiveness on offense; other times, they're just knuckleheads. They'll give the Broncos a fight Monday night, but Shanahan will get the victory. Broncos, 31-21.



Hakeem Olajuwon of the Rockets going high as he tried to block a shot.

Knicks, Behind Ewing, Deal Hawks First Defeat

By Selena Roberts
New York Times Service

ATLANTA — It had been a nice dinner, a little Italian food between old friends who had discussed everything from their kids' growth spurts to the good old days at Georgetown.

Then Patrick Ewing left the Hawks' Dikembe Mutombo to pick up the dinner check Wednesday night. Even Mutombo had to wonder why his frugal friend was sitting on a wallet stacked with crisp new money amounting to \$68 million.

Maybe Ewing has a way of saving for just the right moment. His teammates

NBA ROUNDOUP

are the same. The New York Knicks unlocked their awesome talent on cue Thursday night.

Just when they seem unable to fulfill their potential, the Knicks do this: They dominated the team with the best record in the league, putting the first flaw on the Atlanta Hawks' undefeated record by winning, 100-79.

They made the Hawks' 11-0 mark look like a mirage, riding 18 points and 13 rebounds from Ewing, plus another eye-catching performance by John Starks (20 points) off the bench to flick the Hawks away.

The Knicks shot 52.4 percent while holding the Hawks to 37 percent, and the Knicks committed only 10 turnovers on a night that was almost perfect for New York (7-4).

"Me and Dikembe were banging and bumping out there," Ewing said. "It wasn't personal. I had an off game against Houston, and tonight, I just wanted to come out and get it done early."

The Knicks usually thrive on situations like this, playing best when their machismo is bubbling. Here they were facing a team as hot as hot salsa, a team that was favored to continue its winning streak in the cavernous Georgia Dome. So this was a chance for the Knicks to beat their chest and grab everyone's attention.

One basket led to the next for the Knicks. They used a quick, aggressive burst to take a 20-point lead with 5 minutes and 44 seconds left in the third quarter.

And they did it when Charlie Ward made an unlikely 3-pointer. Even Ward was scoring. Even the previously stale Allan Houston and Larry Johnson were making everything they took. A Ward alley-oop to Houston swelled the Knicks' lead to 73-49 with 2:07 left in the quarter.

The whole scene was embarrassing for the Hawks. Had their winning streak been a sham? The Hawks had been able to erase 11-point third-quarter deficits, but nothing like this. So it leaves you to wonder, why can't the Knicks play like this every night?

In other games, The Associated Press reported:

Trail Blazers 93, Pistons 87 Isaiah Rider had 28 points and Kenny Anderson scored nine of his 17 in the final six minutes to help the visiting Trail Blazers beat the Pistons.

The Pistons, who once trailed by 20 points, rallied to take the lead on Brian Williams' three-point play in the fourth quarter. But Anderson's 3-pointer triggered a 13-2 run that gave the Blazers an 87-79 lead with 2:48 left. Arvydas Sabonis had 13 points and 14 rebounds for Portland.

Rockets 127, Raptors 97 Clyde Drexler had 21 points, 8 rebounds and 8 assists in three quarters as host Houston handed Toronto its franchise-record eighth successive loss.

Mario Elie, Hakeem Olajuwon and Kevin Willis each scored 17 points for Houston, which rested its starters in the fourth period.

Damon Stoudamire had 25 points and 11 rebounds — one short of his career high — for the Raptors.

Pacers 109, Bucks 83 In Milwaukee, Travis Best scored 18 points to lead a balanced scoring attack as the Pacers handed the Bucks their biggest loss of the season.

Chris Mullin and Jalen Rose each had 16 points as the Pacers topped 100 points for the second successive game and held an opponent under 90 for the fifth straight. Glenn Robinson scored 18 for Milwaukee.

Suns 89, Bulls 85 Danny Manning scored 23 points, including two free throws with 2.7 seconds remaining, as the host Phoenix Suns kept Chicago winless on the road this season. Michael Jordan scored 30 points, but only six came in the fourth quarter.

The Suns' Kevin Johnson finished with 16 points — eight in the final 6:36.

Warriors 101, Mavericks 97 A.C. Green's record 907th consecutive game was spoiled when the Golden State Warriors got their first victory of the season.

The game was stopped after the opening tipoff to recognize Green's milestone. With Cal Ripken, the baseball iron man, looking on, Green surpassed Randy Smith's mark of 906 consecutive games, set from 1972 to 1983.

Green finished with seven points as the host Mavericks lost their eighth straight.

Latrell Sprewell scored 28 points for the Warriors, who had opened 0-9.

Kings 97, Jazz 85 Mitch Richmond scored 22 points as host Sacramento snapped a 14-game losing streak against Utah.

The Jazz trailed by 18 points in the third quarter but rallied to cut Sacramento's lead to 97-95 with 31 seconds left in the game after Karl Malone hit a jumper and Howard Easley made two free throws.

After a timeout with 10 seconds left, Easley drove the lane and missed an 11-footer. Oldeo Polynice grabbed the rebound as the game ended.



One iron man to another: Cal Ripken presenting A.C. Green of the Mavericks with a baseball jersey.

Field of Dreams? Not Yet

Grass Is Gasping at Site for World Cup Finals

Reuters

PARIS — The grass is not as green as it should be at the new Stade de France, venue for the 1998 soccer World Cup finals.

A turf expert, ecologists and a former Rugby Union international are worried about the state of the field less than two months before the stadium is due to be inaugurated.

The Robin des Bois ecological group claims the field is affected by below-the-surface pollution. The stadium is built on the site of an old gas factory that was later converted into a deposit for hydrocarbons.

An expert in sports turf told a Paris daily, Le Parisien, that the field surface was in a poor state, although it had taken root well. "There is a microclimate unfavorable to the grass in this stadium," he said, claiming that the roof prevented proper photosynthesis, an echo of problems at Milan's San Siro stadium prior to the 1990 World Cup finals and at Ajax's new stadium in Amsterdam.

The builders, who say they put considerable research into the grass's resistance to moisture and tearing, claim that the field is "isolated from the under-soil by a waterproof membrane that protects it from all contamination."

The grass, prepared at a nursery and planted at the stadium in September,

has weakened and — because of a lack of light and ventilation — turned yellow in parts, the expert said.

France is scheduled to meet Spain at the official opening of the stadium in the Paris suburb of Saint Denis on Jan. 28. The 80,000-seat arena is scheduled to have nine World Cup games, including the June 10 opening match and the July 12 final.

But it is also scheduled to have French international rugby matches, which traditionally give the turf a rough ride. "I'm waiting to see it after a rugby match with the scrums and long studs," said a French rugby player, Serge Blanco.

Valencia Drops Romario

Valencia's coach, Claudio Ranieri, dropped the Brazilian striker Romario from his squad for this weekend's league match with Atletico Madrid, Reuters reported from Madrid.

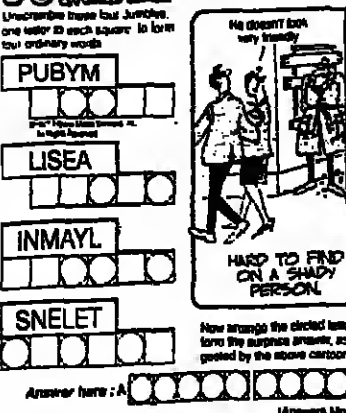
Romario had said earlier in the week that he wanted to go back home in a bid to secure a place on the Brazilian World Cup squad. Ranieri replied by saying that he did not want to keep the striker in Spain against his will.

Romario joined Valencia last summer but quickly went back to Brazil, on loan to the Flamengo club. But Flamengo officials quoted in the Spanish press have said that Romario is unlikely to return to their team.

DENNIS THE MENACE



JUNIEB



TUNE IN EVERYDAY ON



PEANUTS



GARFIELD



BEETLE BAILEY



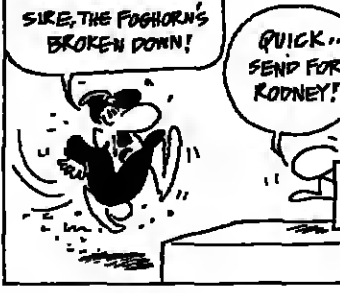
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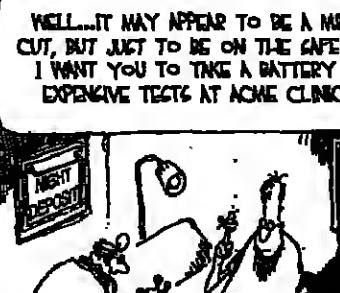
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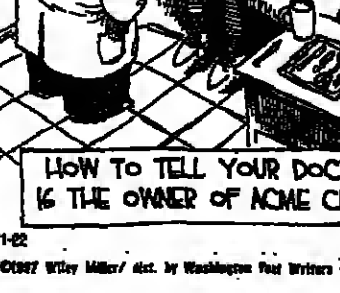
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DAVE BARRY

Those Bigger Male Brains

MIAMI — Last July, when a group of Danish researchers announced that men have an average of four billion more brain cells apiece than women, a lot of us guys decided to celebrate this affirmation of our superior intelligence by spending a couple of months drinking beer and throwing furniture off the tops of buildings to see what happened to it.

But now we return to find that many women have been ridiculing the Danish discovery. These women have been saying that, O.K., maybe males have more brain cells, but it doesn't matter, because males never use their brains to think about anything besides sex.

This is not true! Males are perfectly capable of thinking about other topics, as is shown by the following conversation, which was recorded on a cockpit voice recorder just before a recent airplane crash:

PILOT: I'll tell you what, that flight attendant has a major pair of... Whoa! Looks like engine No. 1 has stopped working!

CO-PILOT: Whoa! So have engines No. 2, 3 and 4!

PILOT: Whoa! (Pause.) So, how about those 49ers?

Another thing I wish to point out is that when men appear to not be thinking, they often ARE thinking, but it's about some issue that women would not understand.

For example, back in July there was a widely publicized incident in which an elderly couple set out from their home in Kenilworth, New Jersey, to drive to a doctor's office 2.5 miles away, with the man of course at the wheel. They were located more than 24 hours later, after having driven an estimated 800 miles through an estimated three states. We all know why this happened. According to the Associated Press story, the man "refused to ask directions during the entire trip."

Of course you women are laughing about this. For years you have made fun of us men for refusing to ask directions. But did it ever occur to you that we have a REASON? Did it ever occur to you that, with our four billion extra brain cells, we might be thinking about something that YOU DON'T KNOW? That something is this: Under the Rules of Guy Conduct, if you're a guy driving a car, and you don't know how to get where you're going, and you pull over to ask another guy, and he DOES know, then he is legally entitled to TAKE YOUR WOMAN! Yes! He can just lean through the window and grab her! That's what the elderly Kenilworth, New Jersey, guy was trying to prevent, and YOU WOMEN LAUGHED AT HIM! I bet you feel silly now!

And here's something else to consider: When guys are not using their extra brain cells to protect their loved

ones by refusing to ask directions, they are thinking up important new ways to advance human society, such as Big Gun Radio-Controlled Warship Combat. I am not making Big Gun Radio-Controlled Warship Combat up. This is a hobby wherein guys build elaborate models of World War II-era fighting ships — some of them six feet long — equipped with radio-controlled motors and CO₂-powered cannons that shoot ball bearings. The guys then go out to a pond somewhere to maneuver their ships around and try to sink their opponents' ships by shooting them; when ships are sunk, they're retrieved from the water, repaired, and put back into action.

We are not talking about a casual pastime, here. We are talking about an all-out, totally obsessive guy effort involving clubs, hylaws, an international sanctioning body and many pages of detailed rules and specifications. We are talking about model ships that can cost more than \$1,000.

I'm sure many of you women out there are snickering at this. You're saying: "Why go to all that trouble? Why not just stay home and whack your model ship with a hammer?"

This is the problem with being a few billion brain cells short: You cannot grasp the essential significance of an activity such as Big Gun Radio-Controlled Warship Combat. I believe this significance was best expressed by Al Boyer, the alert reader who told me about this activity, and who was able, thanks to his large, highly analytical male brain, to pinpoint precisely the quality that defines it: "C-O-O-L."

I spoke with Phil Sensibaugh, who belongs to the largest warship combat club in the world, which is located, as you might expect, in Albion, Indiana, where Phil has a private pond. Phil told me that when you build a ship, you have to decide whether you want to be on the Allied side or the Axis side. He also said that, during battles, there's a lot of trash-talking between the two sides on the pond banks. For example, according to Phil, if a guy takes a shot at your ship, you might say, "Nice talking, you Axis dog!"

"A lot of people think this is totally insane," he noted.

Not me. I think high heels are insane; I think Big Gun Radio-Controlled Warship Combat is one of the most important advances in guy thinking since the potato gun. To find out more about it, you can check the Internet site at: <http://www.pacificnet.net/~tld/rkchr/big-gun1.htm>. If you don't know how to get on the Internet, my advice is: Whatever you do, don't ask directions.

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Remembering a Savior in Occupied France

By Nicholas Fox Weber

NEW YORK — Who did what to whom in occupied France? Now more than ever, with the current trial of Vichy police officials in France and the investigations into Swiss wartime banking practices, individuals and governments beyond the German borders are being called to account for their actions during the Holocaust.

One undisputed hero of the period was Varian Fry, an American whose rescue of European intellectuals and political refugees — Marc



Fry in his Marseille office in 1941.

Chagall, Hannah Arendt, Max Ernst and Wanda Landowska, among them — is the subject of an exhibition that opens Sunday at the Jewish Museum.

The show, "Assignment: Rescue, the Story of Varian Fry and the Emergency Rescue Committee," presents photographs and artifacts as well as a series of installations evoking the cafés, hotels, offices, apartments, trains, boats and internment camps that figured in Fry's rescue activities, which were centered in Marseille.

There are also paintings by 17 of the artists who lived in the south of France at the time.

Fry was an unlikely hero. Born in 1908, the son of a New York stockbroker, he attended prep schools in New England and majored in classics at Harvard; for entertainment he read Greek and Latin poetry and watched birds. He sported a red carnation in his buttonhole, had impeccable manners and knew his French wines.

One contemporary found him "bookish and intellectually condescending, hardly the sort of person one would choose to play the Scarlet Pim-

pernel"; another described him as "an exuberant and likable young man, cultured, handsome, friendly," with a Noël Coward wit.

By current standards, he resembled a highly cultivated yuppie. "Certainly my manner and appearance did not suggest the daredevil," Fry said of himself.

Fry was 32 when he arrived in Marseille in August 1940, two months after France fell. He had been an editor for the Foreign Policy Association when the Emergency Rescue Committee commandeered him.

The writers Thomas Mann and Jules Romains and the director of the Museum of Modern Art, Alfred H. Barr Jr., made a list of 200 individuals Fry was to help liberate on his three-week mission.

Along with this list — and a dress suit and a boiled shirt he had bought at Brooks Brothers in his last hours in New York — he carried \$3,000 taped to his leg.

By the time he was expelled from France 13 months later, having repeatedly risked his life evading the Gestapo and the Vichy police, he had spirited away more than 1,200 people.

Fry had no experience in refugee work, but he quickly learned how to secure visas, obtain false passports (from the Czech consul), forge paperwork and organize transport convoys to Lisbon.

Once Marshal Pétain met with Hitler and announced the Vichy policy of collaboration, the risks increased. But Fry felt that his obligation was always to the refugee, not to himself.

"I was followed by a group of eight dicks, working in shifts," he jauntily observed in his memoirs. But he eluded his shadows sufficiently to hide those at risk and get them onto ships and trains.

When Peggy Guggenheim, the bohemian art-collecting American expatriate, wanted to arrange for the exodus of André Breton, Max Ernst, Victor Brauner and some of their relatives, she turned to Fry. Seeking further information about the rescue committee, the heiress was warned by the American consul to stay clear.

"He did not tell me why, and at the time I had no idea what a dangerous job Fry was doing," Guggenheim wrote. "The American government was perpetually trying to get him to go back to America to avoid difficulties with the Vichy government. However, he stuck it out to the bitter end."

This, she said, despite his having been "arrested and held incommunicado on a boat for days during Pétain's visit to Marseille."

The obstacles were formidable. When Fry first encountered Chagall in



Chagall and his wife, who were among those spirited out of France.

the Provencal hill town of Gordes, the artist, a naturalized French citizen for years, intended to remain there through the occupation.

"As it is a serious responsibility to uproot and transplant a great artist, I didn't press him," Fry wrote.

Then the anti-Jewish laws were adopted in France.

Chagall asked Fry if there were cows in America and was visibly relieved when Fry said yes.

The artist went to Marseille with his family to begin their journey, but almost immediately he was taken from his hotel in a Black Maria after the police began rounding up Jews.

Fry called a police official and warned that if news of the arrest leaked out, "Vichy would be gravely embarrassed, and you would probably be severely reprimanded. If he isn't out in half an hour, we'll call up The New York Times."

The police met the deadline.

In 1945, Fry was able to write, "Marc Chagall is well satisfied with American trees and American cows and finds Connecticut just as good to paint in as Southern France."

Fry also secured the safety of the pianist Heinz Jolle, the artists Marcel Duchamp and Wilfredo Lam, the sculptor Jacques Lipchitz, the novelist Lion Feuchtwanger and the poet Franz Werfel and his wife, Alma Mahler Gropius Werfel, as well as many lesser-known people. (The operation he put in place is credited with saving 4,000 lives.)

But Fry could not prevent the Austrian cartoonist Bill Freier from being sent to his death in a Polish concentration camp, or the journalist Charles Wolf from being "tortured to death by the French fascist militia."

Even after returning to America, Fry continued his activities.

In December 1942, he wrote, for The New Republic, a heart-wrenching article, "The Massacre of the Jews, that shatters some of the subsequent excuses for ignorance of Nazi atrocities."

In 1945, once it was safe to reveal his methods, he wrote a memoir, "Surrender on Demand," which is being reprinted this month by Johnsoo Books with the United States Holocaust Memorial Museum, the organizer of the exhibition, which runs through March 29.

For Fry, who died in 1967, glory has been mostly posthumous. In 1995, he was the first U.S. citizen to join Oskar Schindler and Raoul Wallenberg among the gentiles designated "righteous among the nations" at Israel's national Holocaust Memorial, Yad Vashem.

Recent testimonials have been plentiful. But when Varian Fry set out to save the lives of some of Europe's artistic giants, few could have guessed his impact on postwar culture.

Nicholas Fox Weber, a cultural historian and the author of a forthcoming book on the artist Balhaus, wrote this for The New York Times.

PEOPLE

THE American conductor James Levine is to succeed the late Sergiu Celibidache as conductor of the Munich Philharmonic Orchestra. Levine, who will continue to lead the Metropolitan Opera of New York, will head the Munich orchestra for the first time as guest conductor in January and will take over on a permanent basis for the 1999-2000 season. Celibidache died at age 84 in August 1996. Semyon Bychkov has been appointed chief conductor of both the Dresden State Opera and the Cologne Radio Orchestra. He will take up the position in Cologne immediately and in Dresden in September 1999. Bychkov, the music director of the Orchestre de Paris since 1989, will leave that position at the end of this season.

Michael Jackson has confirmed to Life magazine that his wife, Debbie Rowe, is pregnant with their second child, and the entertainment industry writer Liz Smith has cited sources saying they are expecting a girl. Their first child, Prince Michael Jr., was born in February.

Catharina Angeneta van Dam-Groeneveld's 110th birthday bash in Leyden, the Netherlands, was a tribute to the country's growing post-centennial population. In the last seven years,

Clarification

The Washington Post is now reporting the Unification Church did make clear to Whitney Houston's agents that her concert on Nov. 29 was an event sponsored by that church. The newspaper had reported originally that Houston was not aware she was performing at a church gathering (IHT, Nov. 13). According to the Post, Houston's spokeswoman insists, however, that the agents did not inform Houston herself of the sponsorship.

the number of 100-somethings has risen 23 percent, according to the Dutch Bureau of Statistics, and by 2050, there will be an estimated 5,000. Van Dam-Groeneveld heads a five-generation family, with 10 children, 18 grandchildren, 24 great-grandchildren and 2 great-great-grandchildren.

After two years of pleading on her daytime talk show, Rosie O'Donnell finally landed her dream guest — Barbra Streisand. For O'Donnell, Streisand's music brings back memories of her mother, who died when O'Donnell was 10. Rosie and her mom would sing Streisand songs together. When O'Donnell began crying during the taping, Streisand held her hand and started crying herself. That made O'Donnell stop, and she recovered in time to offer an off-key version of "People" to Streisand. "We just had a relaxing kind of girl talk," O'Donnell said.

The French actress Jeanne Moreau and the Czech-born director Milos Forman are to be commended for their careers in film by the European Cinema Academy at next month's awards ceremony in Berlin. Previous prizes went to the Swedish director Ingmar Bergman and the Italian director Federico Fellini.

Bo Diddley has threatened to sue R.J. Reynolds Tobacco Co. for using what he says is his likeness in an ad campaign without his permission. The magazine ads had the caption "My blues are real, just like my smokes" and showed a photograph of a guitarist who Diddley and his attorneys say looks too much like Bo. But Reynolds said the "generic blues guitarist" isn't intended to look like Diddley, and the company has



Levine will head the Munich Philharmonic.

asked a federal court for a declaration that Diddley cannot collect any damages or complain further about the ads.

John le Carré and Salman Rushdie have taken to the letters page of The Guardian to discuss freedom of speech, with each accusing the other of being pompous and preposterous. The dispute centers on Rushdie's 1988 novel, "The Satanic Verses," for which he was put under death edict by Iran, which deemed it blasphemous. Rushdie, who has lived under protection by the British police and switches from safe house to safe house, accused the spy-thriller writer of "eagerly and rather pompously joining forces with my assailants." "Shame on you Mr. Rushdie," retorted le Carré. "There is no law in life that says that great religions may be insulted with impunity." And the debate shows no sign of losing steam. "It gets more and more acrimonious every day," an editor at the newspaper said. "The bitterness was clearly long festering between them. It could end up in book form as the le Carré-Rushdie saga."

Memoir to Put Unwanted Spotlight on J.D. Salinger

By Dinitia Smith
New York Times Service

NEW YORK — The novelist and journalist Joyce Maynard said that she would publish a memoir in which she would describe her relationship with the reclusive writer J.D. Salinger, the author of "The Catcher in the Rye," breaking a 25-year silence about the affair.

In the spring of 1972, Maynard, flushed with success from the publication of her first magazine article, "An 18-Year-Old Looks Back on Life," in The New York Times Magazine, received a letter from Salinger, who had read her article and seen the photograph that accompanied it. That summer, Maynard went to visit him at his home in Cornish, New Hampshire, and stayed. When spring broke, their nine-month relationship ended.

Maynard said she would publish her book about Salinger, the man she refers to as "Jerry," in the winter of 1999 with Picador U.S.A. "I viewed him as my mentor and teacher and the person I trusted most in the world," Maynard said Thursday in a telephone interview from her home north of San Francisco. "He was the first man I ever loved. My purpose is not to divulge his story. I'm sticking to my own story."

Salinger has been protective of his privacy, preventing the biographer Ian Hamilton from using portions of his unpublished correspondence in Hamilton's 1988 book "J.D. Salinger: A Writing Life," after using the biographer in a case that went to the Supreme Court. A man who answered the phone at Salinger's literary agency, Harold Ober Associates, would not comment when asked to speak

to the author about Maynard's project. Maynard is 44 now, a divorced mother of three, the author of seven books. She has made her career in journalism, writing about her own life. Salinger, however, has been called "the most private man in America."

In a telephone conversation Thursday, Maynard was circumspect about Salinger, who was 53 when they first met. The relationship began, she said, with Salinger's writing her "a deeply thoughtful, very moving, one-page letter." She added, "That precipitated a correspondence that remained through my freshman year at Yale." Maynard said she had 20 to 30 letters from Salinger. She will not quote from them in her book, she said, mentioning the legal decision in the Hamilton case, though "I will refer to the ideas and thoughts in the letters."

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